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REPORT

OF

DELEGATES APPOINTED TO NEGOTIATE

FOR THE ACQUISITION OF

RUPERT'S LAND

AND THE

NORTH-WEST TERRITORY.

*LAI D BEFORE PARLIAMENT BY COMMAND OF HIS
EXCELLENCY THE GOVERNOR GENERAL.*



OTTAWA.

1869.

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CATALOGUE



RUPERT'S LAND AND THE NORTH-WEST TERRITORY.

Laid before Parliament by command of His Excellency the Governor General.

MESSAGE.

JOHN YOUNG.

The Governor General transmits, for the consideration of the House of Commons, the Report of the Delegates appointed to negotiate for the acquisition of Rupert's Land and the North-West Territory.

GOVERNMENT HOUSE,
Ottawa, 17th May, 1869.

COPY of a Report of a Committee of the Honorable the PRIVY COUNCIL, approved by His Excellency the Governor General in Council, on 14th May, 1869.

The Committee have had under consideration the accompanying Report and Correspondence of the Delegates appointed, by Orders in Council, of 1st October last, to proceed to England to negotiate the terms for the acquisition by Canada of Rupert's Land and the North-West Territory, and they humbly advise that the said Report, and the terms agreed upon, as set forth in the said Report and Correspondence, be approved by Your Excellency and submitted for the consideration and sanction of Parliament.

[Certified.]

WM. H. LEE,
Clerk, P. C.

To the Honorable
The Secretary of State,
&c., &c., &c.

REPORT.

*To His Excellency the Right Honorable Sir JOHN YOUNG Bart.,
G.C.B., G.C.M.G., Governor General of Canada.*

MAY IT PLEASE YOUR EXCELLENCY:—

We have the honor to submit for Your Excellency's consideration the following Report of our negotiations with Her Majesty's Imperial Government for the transfer to the Dominion of Canada of Rupert's Land and the North Western Territory:—

Under the authority of an Order in Council of the 1st October, 1868, we were appointed a Delegation to England to arrange the "terms for the acquisition by Canada of Rupert's

"Land," and by another Order in Council of the same date, we were authorized to arrange "for the admission of the North West Territory into Union with Canada, either with or without Rupert's Land, as may be found practicable and expedient." We proceeded at once to execute the important mission confided to us, and on presenting ourselves at the Colonial Office, were invited by His Grace the Duke of Buckingham and Chandos, then Secretary of State for the Colonies, to visit him at Stowe, for the purpose of discussing freely and fully the numerous and difficult questions which were involved in the transfer of these great Territories to Canada. We found that His Grace had already made some progress in the preliminaries of a negotiation (under the Act 31 and 32 Vic. Cap. 105) with the Hudson's Bay Company for the surrender to Her Majesty of the territorial and political rights which they claimed in Rupert's Land. We objected very earnestly to some of the demands of the Company which were communicated to us by His Grace, but after much consideration and important modifications of the Company's demands, we agreed that if they would surrender the Territory on the conditions which His Grace proposed, we would recommend the acceptance of these conditions by the Canadian Government.

The Duke of Buckingham's proposals will be found in the letter of Mr. Adderly, of the 1st December, 1868, addressed to the Governor of the Hudson's Bay Company.

Considerable delay in the negotiations was occasioned by the retirement from office of the Duke of Buckingham and his colleagues, and also by the resignation of Lord Kimberly, the then Governor of the Company.

On the 18th January 1869, Earl Granville, who had acceded to office as Secretary of State for the Colonies, transmitted to us the reply of the Company, declining the proposals of the Duke of Buckingham. His Lordship subsequently requested us to communicate to him any observations which we might desire to offer upon this reply of the Company, and upon certain counter proposals which it contained. We felt reluctant, as representatives of Canada, to engage in a controversy with the Company concerning matters of fact, as well as questions of law and policy, while the negotiation with them was being carried on by the Imperial Government in its own name and of its own authority. But we did not feel at liberty to decline Lord Granville's request, and on the 8th of February, stated at length our views upon the various points raised in the letter of Sir Stafford Northcote, the new Governor of the Company, in answer to the proposals of the Duke of Buckingham. We beg to refer Your Excellency to the correspondence, for full information as to the positions taken and the opinions expressed by us at this stage of the negotiation.

Lord Granville, being of opinion that the rejection by the Company of the proposals of his predecessor had terminated the negotiations instituted by him, submitted for our consideration proposals of his own, based on a different principle from that which had been laid down by the Duke of Buckingham.

We felt it our duty to state to his Lordship, that these proposals would not be acceptable to the Canadian Government. They were subsequently modified, and in the form in which they appear in the letter of Sir Frederick Rogers of the 9th March, were conditionally accepted by us, subject to the approval of Your Excellency in Council.

Certain details were left by Lord Granville to be settled between the representatives of

the Company and ourselves, which led to interviews and discussions with them, and to a correspondence which is also submitted herewith.

During the progress of the negotiations, a formal complaint was made to the Colonial Secretary by the representatives of the Company against the Canadian Government for undertaking the construction of a road between Lake of the Woods and the Red River settlement, without having first obtained the consent of the Company. The letter conveying this complaint was referred to us by Earl Granville for such explanations as we were able to offer. The correspondence on this subject is also respectfully submitted.

Your Excellency is aware that since our return to Canada, the Hudson's Bay Company have signified to Lord Granville their acceptance of the terms proposed by him for the surrender to Her Majesty of their territorial rights in Rupert's Land. We have, therefore, the honor to submit the same, with a memorandum of the "details" agreed to by us on behalf of the Canadian Government, for the approval of Your Excellency, and for such action thereupon as Your Excellency may be advised to take.

All of which is respectfully submitted.

GEO. E. CARTIER,
WM. MACDOUGALL.

OTTAWA, May 8, 1869.

CORRESPONDENCE.

Duke of Buckingham and Chandos to Viscount Monck.

(Copy. No. 173.)

DOWNING STREET, 8th August, 1868.

MY LORD,—I have the honor to transmit to you, for your Lordship's information, the enclosed copy of an Act of Parliament, conferring powers for the surrender to Her Majesty by the Hudson's Bay Company of their territories and privileges.

In pursuance of the powers conferred by this Act, I propose to enter into negotiations with the Hudson's Bay Company as to the terms on which they will surrender their rights, and I shall not fail to keep your Lordship informed of the course of such negotiations.

I have, &c.,

BUCKINGHAM AND CHANDOS.

Governor the Right Honorable
Viscount Monck.

ANNO TRICESIMO PRIMO & TRICESIMO SECUNDO.

VICTORIÆ REGINÆ.

C A P. CV.

An Act for enabling Her Majesty to accept a Surrender upon Terms of the Lands, Privileges, and Rights of "The Governor and Company of Adventurers of *England* trading into "*Hudson's Bay*," and for admitting the same into the Dominion of *Canada*. [31st July 1868.]

Recital of
Charter of
Hudson's
Bay Com-
pany,
22 Car. 2.

WHEREAS by certain Letters Patent granted by His late Majesty King *Charles* the Second in the Twenty-second Year of His Reign certain Persons therein named were incorporated in the Name of "The Governor and Company of Adventurers of *England* trading into *Hudson's Bay*," and certain Lands and Territories, Rights of Government, and other Rights, Privileges, Liberties, Franchises, Powers, and Authorities, were thereby granted or purported to be granted to the said Governor and Company in His Majesty's Dominions in *North America* :

And whereas by the *British North America* Act, 1867, it was (amongst other things) enacted that it should be lawful for Her Majesty, by and with the Advice of Her Majesty's most Honourable Privy Council, on Address from the Houses of the Parliament of *Canada*, to admit *Rupert's Land* and the North-western Territory, or either of them, into the Union on such Terms and Conditions as are in the Address expressed and as Her Majesty thinks fit to approve, subject to the Provisions of the said Act :

Recital of
Agreement
of Surrender.

And whereas for the Purpose of carrying into effect the Provisions of the said *British North America* Act, 1867, and of admitting *Rupert's Land* into the said Dominion as aforesaid upon such Terms as Her Majesty thinks fit to approve, it is expedient that the said Lands, Territories, Rights, Privileges, Liberties, Franchises, Powers, and Authorities, so far as the same have been lawfully granted to the said Company, should be surrendered to Her Majesty, Her Heirs and Successors, upon such Terms and Conditions as may be agreed upon by and between Her Majesty and the said Governor and Company as hereinafter mentioned :

Be it therefore enacted by the Queen's most Excellent Majesty, by and with the Advice and Consent of the Lords Spiritual and Temporal, and Commons, in this present Parliament assembled, and by the Authority of the same, as follows :

Short Title.
Definition of
"Rupert's
Land."

1. This Act may be cited as "*Rupert's Land* Act, 1868."
2. For the Purposes of this Act the Term "*Rupert's Land*" shall include the whole of the Lands and Territories held or claimed to be held by the said Governor and Company.

Power to
Her Majesty
to accept
Surrender of
Lands &c., of
the Company
upon certain
Terms

3. It shall be competent for the said Governor and Company to surrender to Her Majesty, and for Her Majesty by any Instrument under Her Sign Manual and Signet to accept a Surrender of all or any of the Lands, Territories, Rights, Privileges, Liberties, Franchises, Powers, and Authorities whatsoever granted or purported to be granted by the said Letters Patent to the said Governor and Company within *Rupert's Land*, upon such Terms and Conditions as shall be agreed upon by and between Her Majesty and the said Governor and Company; provided, however, that such Surrender shall not be accepted by Her Majesty until the Terms and Conditions upon which *Rupert's*

Land shall be admitted into the said Dominion of *Canada* shall have been approved of by Her Majesty, and embodied in an Address to Her Majesty from both the Houses of the Parliament of *Canada* in pursuance of the One hundred and forty-sixth Section of the *British North America* Act, 1867; and that the said Surrender and Acceptance thereof shall be null and void unless within a Month from the Date of such Acceptance Her Majesty does by Order in Council under the Provisions of the said last recited Act admit *Rupert's Land* into the said Dominion; provided further, that no Charge shall be imposed by such Terms upon the Consolidated Fund of the United Kingdom.

4. Upon the Acceptance by Her Majesty of such Surrender all Rights of Government and Proprietary Rights, and all other Privileges, Liberties, Franchises, Powers, and Authorities whatsoever, granted or purported to be granted by the said Letters Patent to the said Governor and Company within *Rupert's Land*, and which shall have been so surrendered, shall be absolutely extinguished; provided that nothing herein contained shall prevent the said Governor and Company from continuing to carry on in *Rupert's Land* or elsewhere Trade and Commerce.

5. It shall be competent to Her Majesty by any such Order or Orders in Council as aforesaid, on Address from the Houses of the Parliament of *Canada*, to declare that *Rupert's Land* shall, from a Date to be therein mentioned, be admitted into and become Part of the Dominion of *Canada*; and thereupon it shall be lawful for the Parliament of *Canada* from the Date aforesaid to make, ordain, and establish within the Land and Territory so admitted as aforesaid all such Laws, Institutions, and Ordinances, and to constitute such Courts and Officers, as may be necessary for the Peace, Order, and good Government of Her Majesty's Subjects and others therein; Provided that, until otherwise enacted by the said Parliament of *Canada*, all the Powers, Authorities, and Jurisdiction of the several Courts of Justice now established in *Rupert's Land*, and of the several Officers thereof, and of all Magistrates and Justices now acting within the said Limits, shall continue in full force and Effect therein.

Extinguishment of all Rights of the Company.

Power to Her Majesty by Order in Council to admit *Rupert's Land* into and form Part of the Dominion of *Canada*.

Jurisdiction of present Courts and Officers continued.

COPIES OF TELEGRAMS.

Lord Monck to the Duke of Buckingham.

QUEBEC, 9th September, 1868.

Privy Council wish to send a delegation to London to take part in treaty with Hudson's Bay Company.

They are anxious that negotiations with Company should be postponed till arrival of delegates in London.

Please inform me by Cable how soon you will be able to receive them.

They are prepared to go immediately.

(Signed)

MONCK.

The Duke of Buckingham to Lord Monck.

COLONIAL OFFICE, 11th September, 1868.

Delegates to advise with me on the arrangements between the Crown and the Company should start at once. I have appointment with Governor of Company for 18th, but will now conclude nothing until delegation shall have arrived.

(Signed)

BUCKINGHAM & CHANDOS.

Lord Monck to the Duke of Buckingham.

QUEBEC, 14th September, 1868.

I find now that for reasons connected with the public service, delegates do not wish to leave Canada till first week in November. Will this suit you?

(Signed)

MONCK.

The Duke of Buckingham to Lord Monck.

COLONIAL OFFICE, 17th September, 1868.

I should have preferred an earlier date—I cannot defer negotiations with Hudson's Bay Company, but probably the settlement of terms will occupy some time.

(Signed)

BUCKINGHAM & CHANDOS.

Lord Monck to the Duke of Buckingham.

QUEBEC, 18th September, 1868.

In consequence of your last message, delegates will leave for England the 7th October.

(Signed)

MONCK.

The Duke of Buckingham to Lord Monck.

COLONIAL OFFICE, 18th September, 1868.

I have seen Kimberley and Lampson to day—I think it essential that some leading member of your government, if possible all delegates, should be here not later than 9th October to confer with me, delegates will be wanted at least 10 days.

(Signed)

BUCKINGHAM & CHANDOS.

Lord Monck to the Duke of Buckingham.

QUEBEC, 22nd September, 1868.

Delegates intend to sail from hence October 3rd.

They trust nothing will be concluded until their arrival in England where they will be due about the thirteenth.

(Signed)

MONCK.

Copy of a Report of a Committee of the Honorable the Privy Council, approved by His Excellency the Governor-General in Council on the 1st October, 1868.

In view of the great importance of the immediate settlement of the Hudson's Bay question, and in consequence of the passage by the Imperial Parliament of the Act 31 and 32 Vic., Cap. 105, and in accordance with the Despatch of His Grace the Secretary of State, No. 173, and dated 8th August, 1868, the Committee of Council advise that a delegation proceed to England composed of the Hon. Sir G. E. Cartier and the Hon. W. McDougall, for the purpose of arranging terms for the acquisition by Canada of Rupert's Land, such terms to be subject to the approbation of the Governor in Council.

(Certified) WM. H. LEE,
Clerk P. C.

MEMORANDUM.

We have the honor to acknowledge communication of a Minute of Council of this day's date, appointing us a Delegation to England to arrange with the Imperial Government the terms upon which Canada may acquire Rupert's Land, and to state that we have much pleasure in accepting the mission.

We would, however, beg to call the attention of the Committee to the terms of the recent Act of the Imperial Parliament to "enable Her Majesty to accept a surrender upon terms of the Lands, Privileges and Rights" of the Hudson's Bay Company which declares that Rupert's Land for the purposes of that Act, "shall include the whole of the Lands and Territories held or claimed to be held" by the Company.

We would also call the attention of the Committee to the terms of the British North America Act, which provides for the admission of Rupert's Land and the North West Territory or either of them, into the Union.

We respectfully recommend that we be authorized to arrange with the Imperial Government for the admission of the North West Territory into Union with Canada, either with or without Rupert's Land as may be found practicable and expedient.

(Signed)

GEO. ET. CARTIER.
W. MACDOUGALL.

October 1st, 1868.

COPY of a Report of a Committee of the Honorable the PRIVY COUNCIL, approved by His Excellency the Governor General in Council on the 1st October, 1868.

The Committee have had under consideration a memorandum dated this day from the Hon. Sir George E. Cartier, Bart., and the Hon. Wm. MacDougall stating that they have received communication of the Minute in Council appointing them a Delegation to England to arrange with the Imperial Government the terms upon which Canada may acquire Rupert's Land, and expressing their readiness to accept that mission.

They however bring under the notice of the Government the terms of the recent Act of the Imperial Parliament, to enable Her Majesty "to accept a surrender upon Terms, of the Lands, Privileges, and Rights" of the Hudson's Bay Company, which declares that "Rupert's Land" for the purposes of that Act "shall include the whole of the lands and territories held or claimed to be held" by the Company.

They also call your Excellency's attention to the terms of the British North America Act, which provides for the admission of Rupert's Land and the North West Territory, or either of them, into the Union, and they recommend that they be authorized to arrange with the Imperial Government for the admission of the North West Territory into Union with Canada, either with or without Rupert's Land as may be found practicable and expedient.

The Committee advise that the authority requested by the Delegates be granted, and that a copy of this Minute, if approved by Your Excellency, be transmitted to His Grace the Secretary of State for the Colonies.

(Certified)

WM. H. LEE,
Clerk, P. C.

Lord Kimberley to the Right Honorable C. B. Adderley, M.P.

HUDSON'S BAY HOUSE, LONDON, *October 27th, 1868.*

SIR,—The Committee of the Hudson's Bay Company have received from Sir C. Lampson and myself reports of the interviews which we have had the honour to have with His Grace the Duke of Buckingham and Chandos, on the subject of the proposed cession to Canada of the Company's territorial rights, and they have anxiously considered how far they would be justified in altering the terms proposed in my letter of May 13th, with a view to meet the objections which have been raised to them.

They understand his Grace to suggest that instead of the Company being entitled to a free grant of 5000 acres, to be selected by them for every 50,000 acres which shall be alienated by the Government, the whole Territory should be at once divided into sections on the map, and that a certain portion of each section should be allotted to the Company by fixed geographical rules, the Company taking the chance as to the value of the land which might fall to its share; and further, that in order to meet the evils which might arise from the existence of so many blocks of wild land free from taxation, the exemption of the Company's wild land from taxes should continue only for a limited period, say, for example, twenty years.

The Committee regret that they are unable to agree to this mode of allotment. One of the chief inducements to their shareholders to accept the proposed arrangements would be, that according to the plan of the Committee, if, as it is hoped, the colonization of the country proceeded rapidly under the new government, the Company would receive blocks of land of moderate size in the vicinity of the new settlements, which would possess an actual value in the market. But if the plan suggested by the Duke of Buckingham were adopted, instead of the grants to the Company proceeding equally with the progress of colonization, the whole country would be dotted over with isolated tracts of wild land belonging to the Company, many of which even if ultimately available for settlement, must necessarily remain entirely valueless until long after the expiration of the twenty years, and if taxed would be a heavy burden instead of a source of profit to the Company.

The Committee are willing, however, to agree that the exemption from taxes on the Company's wild land should only apply to each block of 5000 acres, which they may be entitled from time to time to select, for a period of twenty years from the date of selection. This would give the Company a reasonable time within which to turn each block to profitable account, and at the same time the ultimate liability to taxation would prevent these lands from becoming an obstruction to the free progress of settlement.

The Committee think it right to add that they do not propose that land purchased by the Company should be reckoned in the 50,000 acres; and that the selection of the land by the Company naturally implies that the Company shall bear the cost of such a survey as may be necessary to define the land selected, it being understood that the Company shall have the option of making the survey by means of their own officers.

The Committee are also quite willing that land granted for such purposes as roads, churches or schools shall not be liable to the payment of one shilling per acre to the Company, provided that the exemption is restricted to the land actually used in the construction of the work, and that the exceptions are specified in the agreement with the Government for the cession of the Company's rights. They also admit that it is proper that a similar exemption should apply to land set apart as Indian Reserves, on the understanding that these reserves will be made by Her Majesty's Government, as they are informed it is his Grace's intention they shall be, before the Company's territory is transferred to Canada, and that, if at any time before the million sterling is paid to the Company, such land shall be used or granted for other purposes, it shall become liable to the payment of a shilling an acre in common with other land.

With respect to the land which the Committee have asked that the Company may retain as private property round their posts and stations, if 6000 acres are thought to be too much in that part of Rupert's Land which is suited for settlement, the Committee will consent that the 6000 acres shall only apply to posts which do not lie within the limits referred to under article 10 in my letter of May 13th, as laid down in Sir E. Head's letter of November 11th, 1863, and that within these limits the extent of land to be retained round each post shall not exceed 3000 acres, all the lands retained to be free from taxation, except when reclaimed from a wild state.

Lastly, the Committee cannot deny that the stipulation that the Committee shall have power to bring before the Judicial Committee of Her Majesty's Privy Council, matters in dispute, is open to the objection that the Privy Council acts only as a Court of Appeal, and as they presume that the Company would be entitled to appeal from the local Courts to the Privy Council, they do not think it indispensable to insist on this demand.

The Committee in declaring their willingness to make these alterations in the terms which they proposed, are actuated by a sincere desire to arrive at an agreement with Her Majesty's Government; but they are conscious that they would be wanting in their duty if

they did not add that at the half-yearly Meeting of Shareholders, held since my letter of May 13th was written, opinions were expressed strongly adverse to any arrangement for the cession of the Company's territorial rights which did not secure the payment as compensation of a sum of hard money.

Sir Edmund Head, in the concluding paragraphs of his letter of April 13th, 1864, in which terms were proposed similar to those now under discussion, but involving the cession of a part only of the Company's Territory, avowed to the Duke of Newcastle the apprehensions of the Committee that it might be difficult to convince the shareholders that the offers then made were to their advantage; and although the Committee have felt bound not to recede from the terms contained in my letter of May 13th, which were based on their former offers, they cannot conceal from his Grace that they anticipate a very serious opposition on the part of their shareholders to any such arrangement as that which they have put forward.

His Grace will recollect that at our first interview, before the Canadian delegates had started for England, Sir C. Lampson and I strongly insisted upon this point, and that we suggested that if Canada would agree to pay to the Company one million sterling in bonds, such a settlement might be acceptable to our proprietors.

The Committee entirely share this view. The more they consider the very complicated arrangements which have been devised as a substitute for the payment of a sum of money at once, the more they are convinced that it is as much for the interest of Canada as of the Company, that the claims of the Company should be provided for by a direct compensation, and not by contingent payments extending over a long series of years, and by grants of land under stipulations, which, although indispensable to protect the Company from spoliation, would be invidious in the eyes of the future settlers and embarrassing to the Colonial Government.

At the same time the Committee desire me to assure his Grace, that if their terms as now modified are agreed to by Her Majesty's Government, the Committee will use all their influence to induce the proprietors to confirm them.

I have the honor to be, Sir, your most obedient servant,

KIMBERLEY.

The Right Honorable C. B. Adderley, M.P.,
Colonial Office.

Mr. Adderley to the Earl of Kimberley.

1st December, 1868.

MY LORD,—I am directed by the Duke of Buckingham and Chandos to acknowledge the receipt of your Lordship's letter of the 27th October, and to express his Grace's regret that the serious illness of Mr. M'Dougall, one of the two delegates sent from Canada, which prevented his Grace from communicating with him, should have caused so long a delay in the answer.

His Grace regrets to perceive that the letter under reply does not afford much prospect of an arrangement being come to.

Her Majesty's Government, in the letter of Mr. Adderley of 23rd April to Sir Curtis Lampson referring to the negotiations which took place in 1864, requested to be informed "what terms the Company would be prepared to accept, proceeding on the principles then adopted, namely, that the compensation should be derived from the future proceeds of the lands, and of any gold which may be discovered in Rupert's Land, coupled with reservations of defined portions of land to the Company."

To this your Lordship replied that the Committee were prepared to recommend—

1. That the Company shall surrender all the territory which they hold under their charter, with the reservation of all their posts and stations, with an area of 6,000 acres round each such post or station; this reservation of 6,000 acres, however, not to apply to the Red River Settlement.

2. That the Company shall be entitled to receive 1s. for every acre of the land surrendered, which shall be disposed of by the Government whether by sale, lease, or free grant, or parted with in any other manner.

3. That one quarter of the sum received by the Government as an export duty for gold and silver, or on leases of gold and silver mines, or for licenses for gold and silver mining, shall be paid to the Company, the amount to be received under this and the preceding article being limited to a total sum conjointly of £1,000,000 sterling.

4. That the Canadian Government shall confirm all titles to land that has been alienated by the Company at Red River, or elsewhere.

5. That whenever the Government shall have sold, leased, granted, or otherwise parted with 50,000 acres, the Company shall be entitled for every such 50,000 acres to a free grant of 5,000 acres of wild land, to be selected by them.

6. That no tax be imposed upon any land belonging to the Company not under cultivation, and no exceptional tax shall be imposed upon the Company's other lands or property, or upon the Company's servants.

7. That the disputed matter of the Company's lands in Canada be settled by issuing grants on the footing formerly agreed upon by Mr. Vankoughnet and Mr. Hopkins.

8. That the Canadian Government shall take over from the Company all the materials for the construction of the telegraph now in Rupert's land, and the North-west Territory, on payment of the cost price, and the expenses already incurred with interest.

9. That full liberty to carry on their trade shall be secured to the Company, free from any special or exceptional taxation.

10. That until £1,000,000 sterling, stipulated by articles 2 and 3, shall be paid to the Company, no export duties shall be levied by Canada upon furs exported by the Company, and no import duties shall be levied upon articles imported by the Company into the North-Western territory, and into that part of Rupert's Land which is not included within the geographical limits laid down in Sir E. Head's letter of 13th November, 1863, the Company to be further entitled to import goods in bond free of duty, through any part of the surrendered territory into the North-Western territory and the aforesaid part of Rupert's Land.

Lastly. That in order to afford to the Company a guarantee for the due fulfilment of these provisions by the Canadian Government, power shall be given to the Company to bring before the Judicial Committee of Her Majesty's Privy Council for decision any matters connected with the carrying into effect the foregoing provisions, in respect of which they may consider themselves aggrieved.

His Grace intimated in reply, that there were "certain points in the terms set forth to which he would not feel at liberty to agree in their present shape," and at the meetings which ensued, his Grace expressed his strong objections to the principle of the proposals of the Company respecting reserves of land to be selected from time to time at the discretion of the Company, and to the principle of special exemption from taxation in their favour, and expressed his opinion that there were many points in the other proposals requiring material modification.

Your Lordship's present letter intimates that the Company are unable to agree to certain modifications which suggested themselves during the discussions as modes of avoiding the objections entertained by His Grace, and proceeds to state the changes which the Company are willing to agree to, and which His Grace understands to be as follows:

1st. That the exemption from taxes on the Company's wild lands shall only last for a period of twenty years from the date of selection.

2nd. That any lands purchased by the Company shall not reckon in the quantities of 50,000 acres, in respect of which the Company should be entitled to select 5,000 acres.

3rdly. That the Company shall bear the expense of surveying their blocks of 5,000 acres.

4thly. That lands granted for such purposes as roads, churches or schools, shall not be liable to the payment of one shilling per acre to the Company.

5thly. That the same exemption shall apply to land set apart by Her Majesty's Government as Indian Reserves before the Company's territory is transferred to Canada.

6thly. That with regard to land around posts beyond what is designated the fertile belt, 6,000 acres shall be granted, and that only 3,000 acres shall be the quantity within that belt.

7thly. That the proposed recourse to the Privy Council as a Court of first instance, shall be abandoned.

His Grace is unable to recommend the adoption by Her Majesty's Government of such terms for the surrender of the territorial rights of the Company. Whatever be the future Government of the territory, whether by the Hudson's Bay Company or by Canada, or by any other authority, very considerable annual outlay will have, as in all other unsettled countries, to be incurred in clearing roads, maintenance and opening of navigation, &c., and surveying.

For these charges, the produce of the early sales of land is the natural resource.

But by the Company's proposals they would deprive the future Government of any prospect for a long time at least of receiving any income.

1st. They first stipulate, not for a share of the receipts from land, but for a definite sum per acre, a sum in all probability far in excess of what is likely in practice to be obtained for the greater portion.

2ndly. They stipulate that they shall retain certain reserves around their posts, amounting, therefore, according to the lists of posts handed in by Sir C. Lampson to upwards of 500,000 acres of the land most likely to be made available for settlement and sale, as being the land surrounding the established posts of the Company, they have, after long experience, retained as the most advantageous positions for trade and occupation, and of which nearly 100,000 acres surround the posts in what is called the fertile belt of the territory.

3rdly. And that they shall also receive a share of mineral rights, and confirmation of all titles.

4thly. They proceed to stipulate for a further reserve of one-tenth of the whole territory, and that the Company shall have this tenth in blocks of 5,000 acres to be selected as each successive 50,000 is alienated and not merely to select in the same locality, but anywhere; so that for instance, if land is alienated on the higher parts of the rocky mountains, at Jasper House for example, in consequence of the mining operations in that district, or for fishing stations or for mining purposes on the coast of Hudson's Bay or Labrador, the Company should be entitled to select the proportionate reserve in such part of the most fertile region as they may consider will realise the utmost profit to them, whether by its cultivation or development, or by its power of obstruction to others.

These lands moreover are to be exempt from taxation for a period of 20 years from selection, and the lands retained round the posts to be entirely free from taxation unless reclaimed.

These conditions his Grace cannot accede to. His Grace would, however, recommend Her Majesty's Government to agree to a surrender on the following conditions:

1st. That the land to be retained by the Company in the neighbourhood of their posts shall vary according to the importance of the post: in no case whatever exceeding 6,000 acres in all for any one post including the cultivated or reclaimed land now occupied, and in no case exceeding 3,000 acres, within the fertile belt for principal posts, and 500 acres for minor posts, the additional land to be set out so as not to include frontage to rivers or tracks, roads, or portages.

2nd. The Company to receive one-fourth share of all receipts from land. If any free grants of land be made for other than public purposes, such lands shall be deemed to have been sold at one shilling per acre.

3rd. That one quarter of the sum received by the Government as an export duty for gold and silver mines, or for licenses for gold and silver mining, shall be paid to the Company, the amount to be received under this and the preceding article being limited to a total sum conjointly of £1,000,000 sterling.

4th. That the Imperial Government shall confirm all titles to land that has been alienated by the Company at Red River or elsewhere.

5th. That the Company shall have the option of selecting 5 lots of not less than 200 acres each in each township, whenever it is set out, on payment of rateable cost of survey.

6th. That no exceptional tax shall be imposed on the Company's lands, trade, or servants.

7th. That full liberty to carry on their trade shall be secured to the Company.

8th. The Company to have similar reserves granted them in connection with their posts in the North-West Territory.

9th. The Boundary Lines between Hudson's Bay and Canada to be defined, and

between Hudson's Bay and North-West Territory to be defined by a natural or geographical boundary agreed on.

10th. No wild lands to be taxable until surveyed and marked.

11th. That whenever the payment of £1,000,000 sterling under Article 3 shall have been made as therein provided in cash, or otherwise extinguished by any payment or commutation by Canada to the satisfaction of the Company, the rights of the Company to further selections of lots, to royalties, and share of land receipts shall cease.

12th. Such lands as Her Majesty's Government shall deem necessary to be set aside for the use of the Native Indian population shall be reserved altogether from this arrangement, and the Company shall not be entitled to the payment of any share of receipts or any royalty therefrom, or right of selection in respect thereof under previous articles, unless for such part, if any, of these lands as may be appropriated with the consent of the Crown to any other purpose than that of the benefit of the Indian Natives.

If these terms are approved, Her Majesty's Government will be prepared to conclude an arrangement, and to submit it to the Canadian Government for their favourable consideration; but if the Company shall not assent to these conditions, Her Majesty's Government will consider themselves unpledged by any of the offers that have been made.

I am, &c.,

(Signed)

C. B. ADDERLEY.

The Earl of Kimberley.

Sir F. Rogers to Sir George E. Cartier.

DOWNING STREET,

30th December, 1868.

SIR,—I am directed by Earl Granville to transmit to you a copy of a letter which His Lordship has received from the Deputy Chairman of the Hudson's Bay Company, relating to some steps which have been taken under authority of the Canadian Government, and from which they apprehend some invasion of their territorial rights.

His Lordship will be glad to receive from you or from Mr. McDougall any explanation with which you or he may be able to furnish him of the steps taken by the Canadian Government.

I am, Sir,

Your obedient Servant,

(Signed,)

FREDERIC ROGERS.

Sir G. E. Cartier, Bart.

Deputy Governor of Hudson's Bay Co., to Sir F. Rogers.

HUDSON'S BAY HOUSE,

London, 22nd December, 1868.

SIR,—I have the honour to enclose for the information of the Right Honourable the Secretary of State for the Colonies, extracts of letters recently received from Governor Mactavish, dated Fort Garry, Red River Settlement, October 10th and November 11th, from which it will be seen that the Canadian Government have intimated through an agent, sent to Red River by the direction of the Canadian Commissioner for Public Works, their intention to construct a road from Fort Garry to the lake of the Woods, through the territory of the Company. A trespass upon the freehold territory of the Company must be committed in order to carry out this intention.

The Committee cannot but look upon this proceeding as a most unusual and improper one, especially as negotiations are at present pending for the transfer of the territory of the Company to Canada. This trespass will be an actual encroachment on the soil of the Company, and that too by a Government which has constantly up to this time, and still disputes the right of this Company over that soil.

The Committee therefore ask for the intervention of Her Majesty's Government, but at

the same time they beg leave to say that any application by Her Majesty's Government or the Canadian Government for permission to make this road will be favourably entertained.

I have, &c.,
(Signed,)

C. M. LAMPSON,
Deputy Governor.

Sir Frederic Rogers, Bat.,
&c., &c., &c.
Colonial Office.

EXTRACTS OF LETTERS from Governor Mactavish, to W. G. Smith, Esquire, Secretary, dated respectively, Fort Garry, Red River Settlement, the 10th October and 11th November, 1868.

10th October.—“ I am informed that the Canadian Government have forwarded in charge of a Mr. Snow, a quantity of provisions which Mr. Snow has written to one of the merchants here to provide freight for from Georgetown, and appointed the 15th instant as the date on which the supplies will be at Georgetown. Mr. Snow himself says nothing on the subject, but it is rumoured here that he comes up for the purpose of superintending the making of a cart road from this place to the Lake of the Woods, and that the provisions that he is bringing, are to be used in payment of labor on the above road.”

11th November.—“ Mr. Snow, who I before advised you as expected here to superintend in making a road from this settlement to the Lake of the Woods, with a view to opening direct communication with Canada, arrived some time ago, and is now on the eve of commencing operations. He has brought in with him some provisions with which he purposes paying for labor on the road. On his arrival here, he called on me to shew his instructions from the Commissioner of Public Works. These contained nothing of any consequence beyond the expression of a hope on the part of the Commissioner that the Company's agent here would offer no opposition to Mr. Snow's operations, but would leave the matter entirely in the hands of the Imperial Government, which as generally people here regard Mr. Snow's arrival as opportune on account of the scarcity of provisions, I agreed to do, and without instructions, to protest against Mr. Snow's action, I did not think it politic to do so.”

Sir George E. Cartier and Mr. McDougall to Sir F. Rogers.

WESTMINSTER PALACE HOTEL, LONDON,
January, 16th 1869.

SIR,—We have the honour to acknowledge receipt of your letter of the 30th ult. (with its enclosures), stating that you were directed by Earl Granville to transmit to us a copy of a letter which his Lordship had received from the Deputy Chairman of the Hudson's Bay Company, relating to some steps which have been taken under the authority of the Canadian Government, and from which the Company apprehend some invasion of their territorial rights.

You inform us that his Lordship will be glad to receive from us any explanation which we may be able to furnish him of the steps taken by the Canadian Government.

We have read the letter of the Deputy Chairman, and extracts from the letters of Governor Mactavish, and have much pleasure in being able to furnish his Lordship with what we hope will prove satisfactory information on the subject of the Hudson's Bay Company's complaint.

1. In the month of September last, very precise information reached the Canadian Government that, in consequence of the complete destruction of their crops by locusts, the people of the Red River Settlement, numbering probably from 12,000 to 15,000 souls, were in imminent danger of starvation during the winter about to set in.

2. Numerous and earnest appeals for aid had already been made to the Canadian public by writers in the newspapers, and by clergymen and others acquainted with the country. The Right Reverend Robert Machray, Lord Bishop of Rupert's Land, a member of the Council of Assiniboia and so far a representative of the Company, visited Ottawa,

and urged upon members of the Canadian Government the duty of prompt assistance to avert the threatened calamity.

3. No steps had been taken (so far as the Government could learn) by the Hudson's Bay Company, to provide supplies, and aware that a few days' delay at that season might render it impossible to get provisions to Red River in time to afford relief, the Canadian Government appropriated the sum of twenty thousand dollars (£20,000) towards the construction of a road from Lake of the Woods to Fort Garry. The Minister of Public Works (one of the undersigned) was directed to expend the principal part of this sum in the purchase of provisions, which were to be forwarded with all possible despatch to the Red River settlement, and offered to the settlers, not as alms, but in exchange for their labour on a public work in their own vicinity, and of the highest utility to their settlement.

4. A confidential and experienced agent proceeded at once to St. Paul's, Minnesota, and succeeded in forwarding a considerable supply of provisions before the close of navigation. A further quantity has reached Fort Abercrombie, an American post in Dakota territory, from which point it can be sent to the settlement early in the spring.

5. Information has reached the undersigned since their arrival in England, that the Government Agent had, in accordance with his instructions, conferred with the local authorities on his arrival at Fort Garry; that he had received their approval and promise of assistance; that his timely aid was a cause of much joy and thankfulness in the settlement, and that he had proceeded with a large force of labourers to the limit of the prairie country, some thirty miles from Fort Garry, towards Lake of the Woods, and had there commenced the construction of the road.

6. The immediate object of the Canadian Government in taking the steps complained of, was, to supply food to a starving community about to be imprisoned for six months in the heart of a great wilderness, without roads, or means of communication with their fellow-subjects, and, to supply it in the way most acceptable to a high spirited people, viz., in exchange for their labour. It was thought that even the Hudson's Bay Company might look with favour upon a public work which, when completed, will prove a valuable protection to those under their government against similar dangers in the future. On behalf of the Canadian Government, we deny that a "trespass" has been committed, or that our action in this matter was intended to forestall or embarrass negotiations, which the Imperial Parliament had directed to be undertaken for the transfer of the North Western territories and Rupert's Land to the Dominion of Canada.

The foregoing explanation may perhaps be deemed sufficient to enable Earl Granville to answer the complaint of the Hudson's Bay Company against the Canadian Government, but the undersigned beg leave to add one or two observations which in their opinion, this extraordinary demand for the "intervention of Her Majesty's Government," both invites and justifies. If the Hudson's Bay Company, who claim the right to hold and govern the territory in which the alleged "trespass" has taken place, had performed the first duty of a government towards its people, by providing them with easy means of communication with the outer world, or if they had shown themselves either able or willing to meet the threatened calamity by a prompt effort to forward sufficient supplies to the settlement before the close of navigation, the Canadian Government would have rested happy in the belief that neither humanity nor public policy required or justified their interference.

The assertion of the Deputy Governor of the Hudson's Bay Company that the country between Lake of the Woods and Red River is "the freehold territory of the Company," and that the so-called "trespass" of the Canadian Government in sending provisions to the starving settlers, and assisting them to make a road for their own convenience and safety hereafter, is "an actual encroachment on the soil of the Company," might, if unnoticed by us, be claimed as another proof or admission of the rights of the Company in that part of the Continent. We, therefore, beg to remind his Lordship that the boundaries of Upper Canada on the North and West, were declared under the authority of the Constitutional Act of 1791, to include "all the territory to the Westward and Southward" of the "boundary line" of Hudson's Bay, to the utmost extent of the country commonly called or known by the "name of Canada." Whatever doubt may exist as to the "utmost extent" of old, or French Canada, no impartial investigator of the evidence in the case can doubt that it extended to, and included the country between Lake of the Woods and Red River.

The Government of Canada, therefore, does not admit, but, on the contrary, denies,

and has always denied, the pretensions of the Hudson's Bay Company to any right of soil beyond that of squatters, in the territory through which the road complained of is being constructed.

Sir Frederic Rogers, Bart., &c., &c., &c.,
Colonial Office.

We have, &c.,
(Signed)

G. E. CARTIER,
WM MACDOUGALL.

Letter from Sir Stafford H. Northcote to Sir Frederic Rogers, Bart.

HUDSON'S BAY HOUSE, LONDON, *February 27, 1869.*

SIR,—I have the honor to acknowledge your letter of the 28th January, addressed to the Deputy-Governor of this Company, enclosing a communication from Sir G. Cartier and Mr. MacDougall, on the subject of the recent proceedings of the Canadian Government in the matter of the construction of a road through the Company's territory between Fort Garry and the Lake of the Woods.

After the distinct statement contained in Sir Curtis Lampson's letter of the 22nd December, that the Company, while protesting against a trespass on their land, were prepared favorably to entertain any application for permission to make such a road, either on the part of the Imperial or of the Canadian Government, the Committee think it unnecessary to discuss the greater portion of the letter of the Canadian Ministers. Their objection is not to the road's being made, but to its being undertaken by the Canadian Government as a matter of right, as though the territory through which it is to pass were Canadian. Such a step, taken at a moment when negotiations are in progress for the transfer of the Company's possessions to Canada, and taken by a Government which openly disputes their title to this portion of them, could not have been allowed to pass unchallenged without derogating from the Company's rights. The Canadian Government themselves seem to have been alive to this. Mr. McTavish states that the Agent of that Government (Mr. Snow) on arriving at the Red River, communicated to him his instructions from the Commissioner of Public Works in Canada, containing the expression of "a hope on the part of the Commissioner that the Company's Agent here would offer no opposition to Mr. Snow's operations, but would leave the matter entirely in the hands of the Imperial Government." Governor McTavish, upon this, very properly allowed Mr. Snow to commence his operations; and so far as this Company is concerned, no impediment has been, or will be, offered to the prosecution of the work.

If it were worth while to discuss that part of the letter of the Canadian Ministers which refers to the circumstances under which the construction of the road was ordered, the Committee would be able to show that the Company had in no way failed in their duty to the Colony; but that they had promptly taken measures for the relief of its inhabitants, and had supplied large sums, both by direct grants and by subscriptions raised under their auspices for that purpose, at a period anterior to the appropriation of the Canadian road grant. They would also be able to point out how the delay which has occurred in opening up communications and otherwise developing the resources of the Red River Settlement, is due to the restraint which has been imposed upon them by Her Majesty's Government at the request of Canada, and not to any negligence or indifference of their own.

But the Committee desire to avoid the raising of a false issue, and they accordingly instruct me to re-state to Earl Granville the precise complaint which they have to make. It is this:—that while negotiations are going on for the acquisition of their territory by Canada, the Canadian Government are endeavouring to exercise rights of ownership over a portion of that territory, to the exclusion of the Company, and to the prejudice of their title. This they are doing by virtue of an old claim which they have repeatedly advanced, which the Company have invariably disputed, and have declared themselves ready to contest before a court of law, and which Her Majesty's Government, acting under the advice of various Law Officers of the Crown, have declined to endorse.

The Canadian Government have hitherto shewn no inclination to bring their claim to the test of a judicial decision, and in the absence of any such decision, the Committee consider it not unreasonable to ask that due respect should be paid by the Company's uninterrupted possession of the territory for two centuries, and to the numerous and weighty legal opinions which have from time to time been given in their favor.

In appealing to Earl Granville for support in this matter, instead of entering into a controversy with Canada, or taking legal steps to enforce the Company's rights, the Com-

mittee have been actuated by a desire to proceed as far as possible in accordance with the views and wishes of Her Majesty's Government, as they have endeavoured to do throughout the pending negotiations for the establishment of a settled form of Government at the Red River. They desire now respectfully, but confidently, to claim the support and protection of the Colonial Minister against any invasion of the Company's rights which may have been prompted or facilitated by the policy which they have adopted in order to meet the wishes of the Colonial Office.

I have, &c.,

Sir Frederic Rogers, Bart.

STAFFORD H. NORTHCOTE.

Sir S. Northcote to Sir F. Rogers.

HUDSON'S BAY HOUSE, LONDON, *January 13th, 1869.*

SIR.—I have the honor to acquaint you, for the information of Earl Granville, that I was elected by the shareholders of this Company on Tuesday, the 5th instant, to the office of Governor, vacant by the resignation of the Earl of Kimberley.

It now becomes my duty to address you in reply to Mr. Adderley's letter, dated the 1st December, 1868, which was received by my predecessor on the eve of his resignation, and to which in consequence of that event the Committee have not been able to send an earlier answer.

Before making any observations upon the particular topics discussed in Mr. Adderley's letter, I am desired by the Committee to assure Lord Granville that they continue sincerely anxious to promote the object with a view to which this Company was re-constructed five and a-half years ago, viz., the gradual settlement of such portions of their territory as admit of colonization: that they adhere to the opinion expressed in their resolution of the 28th August, 1863, viz., that the time has come when it is expedient that the authority, executive and judicial, over the Red River Settlement and the south-western portion of Rupert's Land, should be vested in officers deriving such authority directly from the Crown; and that they cheerfully accept the decision of Her Majesty's Government, communicated to them in Mr. Adderley's letter of the 23rd April, 1868, viz., that the whole of the Company's territory should, under proper conditions be united with the Dominion of Canada, and placed under the authority of the Canadian Parliament.

Acting in accordance with the wish of Her Majesty's Government as conveyed to them in Mr. Elliott's letter of the 23rd January, 1867, the Committee have declined to encourage overtures which have been made to them by private persons for the purchase of portions of the Company's territory with a view to their colonization, and have kept the whole question in abeyance during the time that the negotiations which have led to the confederation of the British Provinces constituting the Dominion of Canada were proceeding. In the whole of that time they have taken no step which could give rise to fresh complications, or could place any new difficulty in the way of the admission of their territory into the confederation when the proper moment should arrive; and when they were informed by Mr. Adderley's letter of the 23rd of April, that the Parliament of Canada had addressed Her Majesty upon this subject, and were requested to state the terms which the Company would be prepared to accept, proceeding on the principle adopted in the interrupted negotiation of 1864, they unhesitatingly complied with the desire of the Government.

It is therefore with surprise, as well as with regret, that they have learnt from the letter now under reply that the terms proposed by them, even when most strictly in conformity with the principles adopted in 1864, are considered by Her Majesty's Government to be inadmissible, and not to afford much prospect of an arrangement being come to. They find, for instance, that the stipulation that the Company should receive one shilling per acre on lands hereafter sold, which was originally suggested to the Committee by His Grace the late Duke of Newcastle, in Mr. Fortescue's letter of March 11th, 1864, and which has never hitherto been called in question, is the first point to which exception is now taken. Objections are also raised against several other proposals which have been long before the Government, while no notice at all is taken of some which have been made for the first time with a view to the protection of the Company's trade, and with regard to which the Committee are left in ignorance, whether they are considered admissible or not.

The Committee, although somewhat embarrassed by this apparent change in the spirit of the correspondence, desire me however to make the following observations upon some of the remarks contained in Mr. Adderley's letter, in order that there may be no misapprehension as to the bearing of their proposals.

The Committee are aware that, as is stated in Mr. Adderley's letter, in order to prepare the country for settlement, very considerable annual outlay will have to be incurred, and that for this charge, the produce of the early sales of land in the natural resource; but they are at a loss to understand upon what ground it is alleged that their proposals would debar the future Government of the ceded territory of "any prospect for a long time at least of "receiving any income."

The only part of the territory in which it is probable that any early or extensive settlement will take place, is the part known as the fertile belt. It has been confidently asserted by independent persons who have travelled through the country, that a great part of this land is not inferior in quality, or in advantages of climate, to the adjoining United States territory now forming the State of Minnesota, and it has been justly pointed out that, being prairie land, it does not require much labour to render it fit for cultivation. But the price of land in Minnesota ranges, as the Committee are informed, from five shillings to one pound per acre. The Committee think, therefore, that the fixed payment of one shilling per acre, proposed by the Duke of Newcastle and accepted by them as a basis of compensation, cannot be deemed to be unreasonable, in so far as related to land sold within the limits set forth in Sir Edmund Head's letter of the 11th of November, 1863.

As regards any portions of land lying outside those limits which may possibly be sold, the Committee think it very improbable that such sales will take place except for mining purposes, in which case the payment of a shilling per acre could hardly be deemed excessive. In order to save trouble and to obviate disputes, therefore, the Committee proposed the fixed payment of one shilling per acre in respect of all sales wherever they may take place, and they believe that the arrangement would have been, on the whole, more favourable to Canada than that suggested by Mr. Adderley.

Mr. Adderley proceeds to remark with reference to Lord Kimberley's proposal, that the Company should retain certain reserves around their posts; that the reservations would amount to upwards of 500,000 acres. It was however stated by Lord Kimberley and the Deputy-Governor at an interview with the Duke of Buckingham upon this subject, that the Committee were willing to confine their claim for reserves to the limits defined by Sir Edmund Head's letter of the 11th November, 1853; that they were prepared to agree that such reservations should be measured by the importance of the posts to which they were to be attached, and should in no case exceed 3,000 acres. The total quantity of land to be retained by the Company under this arrangement, would not exceed 50,000 acres. The Committee cannot agree to the absolute exclusion of these reserves from all frontage to "rivers or tracks, roads or portages" which would render them entirely valueless, although they would have been ready to consider any reasonable limitation of these special advantages.

As regards the right of selecting lands for the Company in proportion to the quantities sold from time to time by the Government, the Committee desire to call Lord Granville's attention to the reasons given in Sir E. Head's letter of the 13th April, 1864, for adopting this mode of reservation in preference to that of "setting apart beforehand a number of "isolated tracts of wild land, dotted over the surface of the colony, and calculated to impede "the free flow of settlement in the territory." Their proposal was framed with reference to sales in the fertile belt only, and it never entered into their minds to contemplate such contingencies as those suggested in Mr. Adderley's letter. In order, however to obviate all cavil upon this point, they would have been quite willing to limit the Company's right of selection to the case of lands sold or alienated within Sir E. Head's limits, provided that it were agreed that no alienations should take place beyond those limits, except either for distinctly public purposes or for the bona fide carrying on of agricultural or mining operations. As regards Mr. Adderley's proposal that the right of selection should be confined to five lots of 200 acres each, in each township as it is set out, the Committee can only remark that the character of this proposal must depend upon the size of the township, of which no indication has been given.

The Committee still adhere to the opinion that under the peculiar circumstances of the proposed transfer of their territory it would be reasonable that their wild lands should, for a limited time, be exempt from taxation in order to allow them a fair opportunity of bringing them into profitable cultivation.

They observe that Mr. Adderley makes no reference to the tenth stipulation contained in Lord Kimberley's letter of the 13th May, viz., that until the stipulated sum of £1,000,000 sterling has been paid to the Company, no export duties shall be levied by Canada upon furs

exported by the Company, nor any import duties on articles imported by them into the North Western Territory, and into that part of Rupert's Land which is not included within the geographical limits laid down in Sir Edmund Head's letter of November 11th, 1863. This is a point to which the Committee attached very great importance. If it had been proposed by the Canadian Government to make a direct purchase of the Company's territory, and to pay the price for it at once, the Company would of course have accepted their fair share of the burdens which annexation might be expected to involve. But if the purchase-money is to be withheld until the Canadian Government have sold off 20,000,000 acres of the land, or have realised a considerable sum by the produce of mining operations, it is reasonable that the pressure of the fiscal burdens, which would fall almost exclusively upon the Company's trade, should be suspended also. Otherwise it might happen that, in consequence of the neglect or the inability of the Canadian Government to proceed with the settlement of the territory, the Company would be subjected to very heavy contributions to the colonial treasury without receiving the smallest benefit in return. As an illustration of the extent to which they might thus be injured were no limitation placed upon the colonial power of taxation, I may observe that, according to the present Canadian tariff, the duty upon the value of the Company's imports alone would amount to about £20,000 a-year, while any export duty that might be laid upon their furs would operate still further to their disadvantage. The Committee feel confident that Lord Granville will acknowledge the reasonableness of their taking precautions against such a contingency.

The Committee have desired me to offer to Lord Granville these explanations of their proposals, in order to show that they have done their best to comply with the desire of Her Majesty's Government, that they should submit a scheme founded on the principles of the negotiations of 1864. They have not, however, failed to perceive from an early period of the lengthened correspondence which has taken place between them and the Government, that those principles necessarily gave rise to many difficulties; and they have felt this the more strongly since the negotiations originally commenced between the Company and Her Majesty's Government have virtually become negotiations between the Company and the Government of Canada. They cannot disguise from themselves the danger which exists that arrangements so complicated, and involving so many topics for future discussion, are likely to lead to the Company's being placed in a position of antagonism to the Government of Canada, and to the creation of a state of things injurious not only to their own interests but to the welfare of the country itself. They are sincerely anxious to co-operate with the Canadian Government in the settlement, development, and improvement of the territories with which they have been so long connected, and they believe that, if the arrangement between them can be placed on a satisfactory footing, it will be in their power to render material assistance to the Colonial authorities in this respect. They believe that, if a simpler arrangement than that which has recently been under discussion could be adopted, and if the Canadian Government were prepared to complete the purchase of the territory at once, by the payment of a sum of money or by the delivery of bonds, it would conduce to a more satisfactory result than the prolongation of a controversy as to the minute points of such a scheme as has been under consideration.

Should Lord Granville be of this opinion, and should his Lordship think it desirable to recommend any proposal of the kind to the Canadian Delegates, this Committee will gladly place themselves in fuller communication with him on the subject.

I have, &c.,

(Signed) STAFFORD H. NORTHCOTE,

Sir Frederic Rogers, Bart.,

Governor.

Sir F. Rogers to Sir G. Cartier and Wm. MacDougall.

DOWNING STREET, 18th January, 1869.

GENTLEMEN,—I am directed by Earl Granville to transmit to you, for any observations which you may wish to offer upon it, the enclosed copy of a letter from the Hudson's Bay Company in answer to the proposals made to them by the Duke of Buckingham and Chandos in the letter from this Department of the 1st of December last, with respect to the proposed cession to the Crown of the Company's territorial rights in British North America.

I am, Gentlemen,

Sir G. E. Cartier, Bart.,

Your obedient servant,

W. MacDougall, Esq., C. B.

FREDERIC ROGERS.

Sir Geo. E. Cartier and Mr. MacDougall to Sir F. Rogers.

WESTMINSTER PALACE HOTEL,

LONDON, *February 8th*, 1869.

SIR,—We have the honour to acknowledge the receipt of your letter of the 18th ultimo, enclosing a copy of Sir Stafford Northcote's letter of the 13th ultimo, in reply to proposals made to the Hudson's Bay Company for the cession to the Crown of their territorial rights in British America, by His Grace the Duke of Buckingham and Chandos, in the letter of Mr. Adderley of the 1st December last.

You state that Earl Granville directed you to transmit this document to us for any observations which we may wish to offer upon it. His Lordship's courtesy and consideration in sending us a copy of Sir Stafford Northcote's Letter and inviting us to express our views upon it are gratefully acknowledged, but upon reflection we thought it would be expedient to refrain from any formal expression of our opinion on new and indefinite propositions, until we had received some intimation of the view which his Lordship was likely himself to take of them, or of the policy in respect to the general question which Her Majesty's present advisers intend to adopt.

At an interview with which we were favoured by Earl Granville on the 26th ultimo, he expressed his preference for a less complicated mode of dealing with the Hudson's Bay question than that proposed by the Duke of Buckingham and Chandos, and requested us to communicate to him our observations on the reply of Sir Stafford Northcote, and especially on the proposition with which his letter concludes, viz., that the Canadian Government should "complete the purchase of the territory at once, by the payment of a sum of money" or by the delivery of bonds."

As we have had but few opportunities to confer with his Lordship since his accession to office, it may be proper, before considering Sir Stafford Northcote's letter, to state the position of the Canadian Government, as we apprehend it, in this negotiation.

The British North America Act of 1867, affirmed the policy of uniting under one government all the colonies, provinces, and territories of British North America. Three provinces were united at once, and provision was made by the 146th section, for the admission into the union, of the remaining colonies, on address to Her Majesty by their respective Legislatures and the Parliament of Canada.

The North-west territories and Rupert's Land, or either of them, are to be admitted on the address of the parliament of Canada alone, and on such terms and conditions as the Canadian Parliament may, in its address express, and Her Majesty approve.

In pursuance of the policy of the Imperial Parliament thus distinctly affirmed, the Canadian Parliament at its first session under the new constitution, adopted an address to Her Majesty for the incorporation of the North-West territory and Rupert's Land with the Dominion of Canada. The terms and conditions expressed in the address were,—

1st. That Canada should undertake the duties and obligations of Government, and legislation in respect of those territories.

2nd. That the legal rights of any Corporation, Company, or individual within the territories should be respected, and that provision should be made for that purpose by placing those rights under the protection of courts of competent jurisdiction.

3rd. That the claims of the Indian tribes to compensation for lands required for purposes of settlement should be considered and settled, in conformity with the equitable principles which have uniformly governed the British Crown in its dealings with the Aborigines.

The above were the only terms and conditions which, in the opinion of the Canadian Parliament, it was expedient to insert in the Order in Council, authorised by the 146th section.

His Grace, the Duke of Buckingham and Chandos, on receiving the address of the Canadian Parliament, consulted the law officers of the Crown, who advised, among other things, that "there would be much difficulty created by the existence of the charter" of the Hudson Bay Company, "to putting into execution the powers of the 140th (146th) section "of the British America Act, 1867, assuming that the Hudson's Bay Company were adverse to the union."

A Bill was thereupon carried through the Imperial Parliament, apparently to remove

the "difficulties" which the law officers had discovered. It reverses the order of procedure contemplated by the Act of 1867, and observed by the Canadian Parliament in its address, and makes the assent of the Company a condition precedent to the transfer.

The Canadian Government were not consulted as to the terms of this Act; they could not understand why it was necessary, and greatly doubted the expediency of passing it.

The Duke of Buckingham and Chandos, having opened negotiations with the Hudson's Bay Company under the authority of the Act last mentioned, invited a delegation from the Canadian Government to confer with him in this country. The undersigned, duly commissioned for that purpose, repaired to London in October last, and had frequent interviews with His Grace before his retirement from office.

The proposals submitted to the Company by the late Government in the letter of Mr. Adderley of the 1st December last, were not made at our suggestion, although we were disposed to think (and so informed His Grace) that if the Company accepted them, the Canadian Parliament might be persuaded to undertake the duties of legislation and government in the territories on the conditions specified.

The Company, through Sir Stafford Northcote, have declined to accept either the principle or the mode of settlement proposed by the late Government, but suggest a new and summary method of closing the negotiations, by demanding that the Canadian Government should, by a payment in cash or bonds, "complete the purchase of the territory at once." No sum is mentioned, and no data given from which it can be inferred. Under these circumstances, we are asked, as representatives of the Canadian Government, to communicate to Earl Granville any observations we may wish to offer on this reply and proposition of the Company.

His Lordship will readily perceive from the foregoing recital, that, as representatives of the Canadian Government, we are in the position of spectators of a negotiation, begun and carried on upon principles and under conditions to which we are strangers, rather than that of assenting principals, responsible for its initiation, and bound by its results.

Without undertaking, therefore, that our views on every point will be approved by the Canadian Government, we proceed most respectfully to offer a few observations on Sir Stafford Northcote's reply to the recent proposals of the Imperial Government.

It will be observed that two things are assumed in these proposals to the Company, which the Canadian Government have always disputed.

1st. That the charter of Charles II. is still valid, and grants the right of soil, or freehold, of Rupert's Land, to the Company.

2nd. That Rupert's Land includes the so-called "Fertile Belt," extending from the Lake of the Woods to the Rocky Mountains.

The law officers of the Crown in England have, on two or three occasions, given their opinion in favour of the first assumption, but never, so far as we are aware, in favour of the second. The report of the law officers in 1857 admits that the geographical extent of the territory granted must be determined by excluding the country that "could have been right-fully claimed by the French as falling within the boundaries of Canada," (which the charter itself excludes by express words), and states that "the assertion of ownership on important public occasions, as at the treaties of Ryswick and Utrecht," should be considered; and also "the effect of the Acts of 1774 and 1791." The most recent opinion of the law officers of the Crown which we have seen (January 6th 1868), as to the rights of the Hudson's Bay Company, does not even by implication support their present claim to the fee-simple of nearly one-third of the American continent. On the contrary, Sir John Karlake and his colleagues conclude their report with the emphatic statement that it is "very necessary, before any union of Rupert's Land with Canada is effected, that the true limits of the territory and possessions held under the charter should be accurately defined." An assumption, therefore, which covers so much ground, and is unsupported by any competent legal authority: which ignores the repeated protests and claims of Canada, and seeks to supply a basis upon which a surrender for valuable consideration may be made, is, to say the least, a most favourable assumption for the Company. We notice these points in Mr. Adderley's letter before remarking on Sir Stafford Northcote's reply, to prevent the possible inference that we have acquiesced in them.

Sir Stafford Northcote assures Lord Granville that the Company "continues sincerely anxious to promote the object with a view to which the Company was re-constructed five

"and a-half years ago, viz., the gradual settlement of such portions of their territory as "admit of colonization." It would be tedious to quote the numerous and positive averments by members and governors of the Hudson's Bay Company, in the course of official inquiries during the last fifty years, that their territories (in which they included the Red River and the Saskatchewan districts) are totally unfit for colonization. The evidence of Sir George Simpson before the House of Commons Committee of 1857, is a fair sample of the views heretofore entertained and avowed by the representatives of the Company. (*Vide Commons Report, 1857; Questions 716, 717, 718, 719, &c.*) Mr. Ellice, for many years the ruling spirit of the Company, declared before the same committee that the Red River settlement was an "unwise speculation," and "had failed;" that "the climate is not favourable;" that the Saskatchewan is a country capable of settlement only when "the population of America becomes so dense that they are forced into situations less fit for settlement than those they occupy now;" that the winters are "rigorous," and the country badly off for "fuel," &c. (*Questions 5,840 and 5,847.*)

With such views of the unfitness of the country for settlement, and avowing their belief that colonization and the fur-trade could not exist together, it is not surprising that the Company have always cherished the latter, which was profitable, and discouraged, and, as far as possible, prevented the former, which had proved an "unwise speculation." It is true that the Company was "re-constructed" in 1863, with loud promises of a new policy. A great road across the continent was to be made, a telegraph line was to be put up, and emigration and colonization developed on a large scale. The Duke of Newcastle, then Secretary of State for the Colonies, was so much impressed by the zeal and public spirit of the gentlemen who effected the re-construction, that he wrote despatches to the Canadian Government on their behalf, and evidently believed that a new era was about to open in the north-west, and the wild animals and fur traders retreat before the march of "European" settlers. The stock of the old Company, worth in the market about £1,000,000, was bought up, and by some process which we are unable to describe, became £2,000,000. A show of anxiety to open postal and telegraphic communication was made, and "heads of proposals" were submitted to the Governments of Canada and British Columbia, which on examination were found to embrace a line of telegraph only, with the modest suggestion that the two Governments should guarantee the company a profit of not less than 4 per cent. on their expenditure! A proposal so absurd could only have been made to be rejected, and it was rejected accordingly. The surplus capital of the re-constructed Company, which was called up for the avowed purpose of opening their territories to "European colonization, under a liberal and systematic scheme of land settlement," has never been applied to that purpose. Five and a half years have passed since the grand scheme was announced to the world, but no European emigrants have been sent out, no attempts to colonize have been made. Sir Stafford Northcote was not probably aware, when he vouched for the *bonâ fides* of the Hudson's Bay Company as promoters of colonization, that a solemn vote of the shareholders was taken in the month of November, 1866, which condemned and rejected the policy of colonization, absolutely and definitively.

While unable, for the reasons stated, to concur in Sir Stafford Northcote's assurance that the Hudson's Bay Company are anxious to promote colonization, we are gratified to learn that they "adhere" to the resolution of 28th August, 1863, that the time has come when it is expedient that "the authority executive and judicial over the Red River Settlement and the South-western portion of Rupert's Land, should be vested in officers deriving such authority directly from the Crown."

The first remark we have to make upon this reference to the resolution of 1863 is, that it admits the continued incapacity of the Company as a *governing* power; the second, that if this was true in 1863,—if at that time it had become expedient, to substitute the authority of the Crown for that of the Company,—it is much more expedient, if not absolutely necessary, now; and third, that if the Company are to be relieved of the duty and cost of Government which their charter imposes, and which they admit they do not and cannot properly discharge, compensation should be made, not to the Company, as is claimed, but *by* the Company to those who take the burden off their shoulders.

We confess we have failed to discover any evidence, and therefore cannot believe, that the Company have "cheerfully" accepted the decision of Her Majesty's Government, "that the whole of the Company's territory should, under proper conditions, be united with

"Canada." A brief notice of the *acts*, in contrast with the *professions* of the Company, will, we think, account for the ill success of our researches and justify our incredulity.

The representatives of the Company, while declaring before the House of Commons Committee in 1857 (as we have already shown) that their territories were "unfit for settlement," professed their readiness to surrender any portion of them that might be desired by the Imperial or Canadian Government for that purpose.

Mr. Ellice declared in the most unqualified terms, not only that the Company was willing to surrender, but that it was the duty of the Government to see that no mere trading corporation obstructed "for one moment," nor to the extent of "one acre of land fit for settlement," the "dominion of the actual settlers." (Commons Report, 1857; questions 5,859, 5,860 and 5,933).

The Governor of the Company informed the Colonial Secretary (18th July, 1857) that an inquiry into the "geographical extent of the territory granted by their charter," which the law officers had recommended, was of little importance, because, if the object of the inquiry was "to obtain for Canada land fit for cultivation and the establishment of agricultural settlers, the Directors are already prepared to recommend to the shareholders of the Company to cede any lands which may be required for that purpose. The terms of such cession," he assured Mr. Labouchere, "would be a matter of no difficulty between Her Majesty's Government and the Company."

Mr. Ellice had previously told the House of Commons Committee, that the question of boundary was "of no importance at all," because "if the province of Canada requires any part of the territory, or the whole of it, for purposes of settlement, it ought not to be permitted for one moment to remain in the hands of the Hudson's Bay Company." He added that "less money than would be spent in a litigation upon the subject would be sufficient to indemnify the Hudson's Bay Company for any claim which they could have on giving up any disputed part of their territory."

These assurances induced the Committee to negative propositions for ascertaining by a judicial inquiry the validity of the charter, or the position of boundaries, and to report in favour of annexing to Canada "such portion of the land in her neighbourhood as may be available to her for the purposes of settlement, with which she is willing to open and maintain communication, and for which she will provide the means of local administration." The Committee "trusted" that there would be "no difficulty in effecting arrangements as between Her Majesty's Government and the Hudson's Bay Company" for ceding the territory on "equitable principles."

It may be proper to remind Earl Granville, that leading members of the Committee of 1857, taking the offers of the Company on the subject of colonization to mean, what the language of their representatives imported, strongly opposed the recommendation to leave the question open for "amicable adjustment" upon "equitable principles," with the certainty of protracted negotiation and a chance of ultimate disagreement. Mr. Gladstone accordingly submitted resolutions for a prompt and definitive settlement of the whole question. He proposed—

- 1st "That the country capable of colonization should be withdrawn from the jurisdiction of the Hudson's Bay Company."
- 2nd. "That the country incapable of colonization should remain within their jurisdiction."

He proposed that in the country remaining within their jurisdiction power should be reserved to Her Majesty's Government to make grants "for the purposes of mines and fisheries, but with due regard to the immunities and trade of the company." No "immunities" were even suggested with respect to the country which was to be withdrawn for colonization. He proposed to ignore the Charter, by declaring that the jurisdiction of the Company "should rest henceforth upon the basis of statute." He quoted the Governor's letter above referred to, "as an expression of the willingness of the Company to accept in principle the arrangement" he proposed, and ended with the suggestion that, "as the Company had tendered concessions which may prove sufficient to meet the case," no decision seemed necessary as to the question of raising "a judicial issue with the view of ascertaining the legal rights of the Company." The propositions of Mr. Gladstone were only lost in the Committee by the casting vote of the chairman.

Twelve years have passed since these offers were made by the Company and accepted by

a committee of Parliament. Every Colonial Secretary, from 1858 to the present moment, has attempted to carry out the recommendation of the Committee, with the assent of the Company, but without success. Two Acts of the Imperial Parliament have been passed, with provisions to facilitate the arrangement, but are yet without fruit. Sir Edward Lytton Bulwer characterised the offers of the Company during his administration as "illusory," and declared that they "by no means met the exigencies of the case." He expressed his regret at a determination on their part which "retains the very difficulty in the way of speedy and amicable settlement which he had sought to remove," and stated that if Canada declined to resort to "legal proceedings" (which he had recommended) "it would be his duty to consider whether negotiations with the Company can be resumed or whether in the last resort Her Majesty's Government must take the matter into their own hands and proceed on their own account." (Mr. Merivale's letter to H. H. Berens, 9th March, 1859.) Sir Edward remained in office long enough to put an end to the Company's license of exclusive trade in British Columbia and the Indian Territories, but not long enough to carry out his policy of "connecting the two sides of British North America without the obstacle interposed by a proprietary jurisdiction between them."

The Duke of Newcastle opened negotiations with the Company, in 1803-4 with much vigour. But after various proposals and counter-proposals including the "reconstruction" of the Company, he was obliged to treat their propositions as "inadmissible."

Mr. Cardwell, during his administration, could not accept their proposals "without considerable modifications."

The Duke of Buckingham, after many discussions with the representatives of the Company, regretted to perceive that their proposals "did not afford much prospect of an arrangement being come to;" and in the communication to which the letter of Sir Stafford Northcote is a reply, declared himself "unable to recommend the adoption" of the terms demanded by the Company.

Our notice of what, in Sir Stafford Northcote's opinion, constitutes a "cheerful" acceptance of the decision of Her Majesty's Government, would be incomplete, if we did not remind Earl Granville that the Company's "proper conditions" for the surrender of that portion of the North western Territories, for which they can shew no title but such as may be derived from the possession of a few trading posts, established there within the last fifty years, rose from a question of "no importance at all" in 1857, or at most, of "less money than would be spent in a litigation on the subject," (House of Commons Report, Question 5834), to the retention, in 1863, in fee simple, of *half* the land proposed to be surrendered, with various other conditions, including a guarantee by the governments of Canada and British Columbia, of an annual profit on the Company's expenditures for improvements on their own property! In 1864, these conditions took the form of a demand, first, to be paid £1,000,000 sterling from sales of lands and mines, with large reservations "to be selected by them," &c.; and, secondly, to be paid £1,000,000 sterling in cash, with other terms and reservations favourable to the Company.

In 1868 these conditions for the surrender of territorial and governing rights over the *whole* territory remained at £1,000,000, as in the first proposition of 1864, with large reservations of land at "selected" points, specially exempted from taxation, and with full liberty to carry on their trade free from the export and import duties, to which all other subjects of Her Majesty in that country would be exposed.

In 1869 these various proposals, which no Secretary of State could possibly entertain, have all been apparently merged in one grand proposition to sell out "the territory at once for a sum of money," in cash or bonds, the amount of which is not stated.

We content ourselves under this head with the observation, that whatever others may be able to see in all these transactions, we are utterly unable to discover either a cheerful acceptance of the decision of any government, or an honest disposition to fulfil the solemn pledges made to Parliament in 1857, on the faith of which the Company was unquestionably saved from judicial or legislative extinction.

Sir Stafford Northcote claims credit for the Company because they have "declined to encourage overtures which have been made to them by private persons for the purchase of portions of the Company's territory with a view to their colonization." Our information is (and we can give Earl Granville names and dates, if the point is deemed of any importance) that the only "overtures" of the kind mentioned which the Company have received, were not

merely "encouraged," but suggested and concocted by prominent members of the Company, for the purpose of producing an impression on the Government, and with a view, not to colonization, but to *negotiation* and the Stock Market.

We are not sure that we understand the statement of Sir Stafford Northcote that the Company "have taken no step which would give rise to fresh complications or place any new difficulty in the way of the admission of their territory into the 'confederation.'" The sale of land to private parties for colonization (assuming that *bonâ fide* offers have been received from such parties) could not give rise to much complication, except in the affairs of the Company. If Sir Stafford hints at the negotiations which were lately reported to be going on with certain American speculators in London for denationalizing and Americanizing the Company with a view to the "admission of their territory" into the United States, instead of the 'confederation, we respectfully submit that while such a difficulty might indeed be "new," the proper person to solve it would be Her Majesty's Attorney-General with the aid of a court and jury of competent jurisdiction.

We do not understand that Earl Granville expects us to defend in detail the Duke of Buckingham's proposals, or to answer all the objections made to them by Sir Stafford Northcote. The Government of Canada, as we have already reminded his Lordship, neither suggested the Act of Parliament nor the terms of the negotiation, which the late Secretary of State for the Colonies attempted to carry out under its authority. The Canadian plan of dealing with the question of the North-Western Territory and Rupert's Land is set forth in the address of the Canadian Parliament to Her Most Gracious Majesty, and we do not feel at liberty, as representatives, to suggest any other mode, until we are informed by Her Majesty's Government that the one proposed is deemed impracticable.

Sir Stafford Northcote's suggestion that "the payment of a sum of money" for the purchase of the territory would conduce to a more satisfactory result, is, we believe, the point upon which Earl Granville specially desires to have our views. Assuming that by "territory" he means the *whole* territory to which the Company lay claim, and that they are to continue as a trading corporation, retaining their posts, and allotments of land in their neighbourhood, as he states was agreed upon by the Duke of Buckingham and Lord Kimberley, we have to observe:—

1. This proposition involves an abandonment of the *principle* which two Secretaries of State (and it must be presumed, two successive administrations), declared, after much consideration, and in view of the transactions of 1857, was properly and justly applicable to this case, viz: That the compensation should be derived from the future revenue of the territory itself, and payable only as it came into the hands of Government. This *principle* was also accepted by the Company in their communication of 13th April, 1864.

2. On the other hand, the principle of ascertaining and fixing a money value upon the territorial rights of the Company "in the British territory east of the Rocky Mountains and north of the American and Canadian lines," and of extinguishing those rights by a payment "at once," was suggested, in 1865, by a delegation from the Canadian Government of that day, and assented to by Mr. Cardwell, then Secretary of States for the Colonies, and his colleagues.

If the latter principle and mode of settlement is now to be adopted, it is obvious that the first question is, What is the nature of these "rights" and what territories do they affect? and the second, What are the rights, separated from the duties and burdens attached to them by the Charter, fairly worth?

We shall not attempt to answer these questions fully in the present communication, but we venture to submit for Earl Granville's consideration a few facts and inferences, which cannot, we believe, be disputed, and which are essential elements in any calculation which may be attempted on the basis of a money purchase.

1. The Charter of Charles II. (and for the present we raise no question as to its validity) could not and did not grant to the Hudson's Bay Company any territory in America which was not then (1670) subject to the Crown of England.

2. The Charter expressly excluded all lands, &c., then "possessed by the subjects of any other christian prince or state."

3. By the treaty of St.-Germain-en-Laye (1632), the King of England resigned to the King of France the sovereignty of Acadia, New France, and Canada, generally, and without limits.

4. "la Nouvelle France" was then understood to include the whole region of Hudson's Bay, as the maps and histories of the time, English and French, abundantly prove.

5. At the Treaty of Ryswick (1697) 27 years after the date of the Charter, the right of the French to "places situated in the Hudson's Bay" was distinctly admitted; and although commissioners were appointed (but never came to an agreement) to "examine and determine the pretensions which either of the said Kings hath to the places situate in the Hudson's Bay," and with "authority for settling the limits and confines of the lands to be restored on either side;" the places taken from the English (i. e. from the Hudson's Bay Company) by the French previous to the war, and "retaken by the English during this war, shall be left to the French by virtue of the foregoing (the 7th) article." In other words, the forts and factories of the Hudson's Bay Company, established in Hudson's Bay under pretence of their Charter and taken possession of by the French in time of peace, on the ground that they were an invasion of French territory, were restored, by the Treaty of Ryswick, to the French, and not to the Company.

6. By the Treaty of Utrecht, 1714, "the Bay and Straits of Hudson, together with all lands, seas, sea coasts, rivers, and places situate in the *Bay and Straits*, and which belong thereto," were finally ceded to Great Britain.

7. As no definite boundary was ever established between the possessions of the French in the interior and the English at Hudson's Bay, down to the Treaty of Paris, 1763, when the whole of Canada was ceded to Great Britain, the extent of the actual possession by the two nations for some period, say from the Treaty of Utrecht to the Treaty of Paris, affords the only rational and true basis for ascertaining that boundary.

8. The evidence is abundant and conclusive to prove that the French traded over, and possessed the whole of the country known as the Winnipeg Basin and "Fertile Belt," from its discovery by Europeans down to the Treaty of Paris, and that the Hudson's Bay Company neither traded, nor established posts to the south or west of Lake Winnipeg, until many years after the cession of Canada to England.

9. No other or subsequent grant to the Company was ever made which could possibly extend their territorial rights under their Charter. The licence to trade in the Indian territories, which they obtained in 1821, was revoked in 1858, and has not been renewed.

10. The country which, in view of these facts, must be excluded from the operation of the Charter, includes all the lands fit for cultivation and settlement in that part of British America.

It will be for Earl Granville to consider, whether this Company is entitled to demand any payment whatever, for surrendering to the Crown that which already belongs to it. We confess our utter inability, upon any principle of law, or justice, or public policy, with which we are acquainted, to estimate the amount which ought to be paid under such circumstances. The only basis of computation we can discover, applicable to such a case, is the *cost* of the legal proceedings necessary, if any be necessary, to recover possession. A person has taken possession of a part of your domain under the pretence that it is included in a deed which you gave him for some adjoining property before you purchased the domain. You want to get rid of him, but will be compelled to bring an action. He is artful, stubborn, wealthy and influential. He will be able to worry you with a tedious litigation. How many acres will you allow him to "reserve," and how much will you pay to save yourself the cost and trouble of a law suit? Compromises of this kind are not unknown in private life, and the motives and calculations which govern them may be applicable to the present case. We recommend this mode of computing the amount of the payment to be made for the surrender of the North West territory, as distinguished from Rupert's Land, with all the more confidence, because it has already been suggested by one of the ablest and most trusted of the representatives of the Company. (Vide evidence of Right Honourable E. Ellice, House of Commons Report, 1857, question 5,834).

With respect to Rupert's Land, or the "lands and territories," "upon the coasts and confines of the seas, bays," &c. "that lie within the entrance of the straits commonly called Hudson's Straits," "not possessed by the subjects of any other Christian prince or state," a different rule, we admit, may be held to apply. Giving to the words of grant the widest construction, territorially, that could possibly be admitted by any judicial body with the facts of the case in evidence before it, or, giving to these words the construction which the Company themselves applied for a hundred years from the date of their Charter, the "rights"

they propose to sell are of little commercial value. No revenue, we feel assured will ever be derived from them. The fur trade is the only industry the country offers as a source of profit, and this, if we rightly understand Sir Stafford Northcote's suggestion, the Company wish to retain.

It has never been alleged, even by the most sanguine advocates of the new theory of the Company respecting land-sales, that any revenue can be derived from that source within the limits which we have assigned to Rupert's Land. The cost of Government there, inconsiderable though it may be, will always exceed any possible revenue. We are thus led to the same conclusion as in the case of the territory claimed, but not owned, by the Company, viz., that what they propose to sell has no pecuniary or commercial value. They are there, however, by at least a show of right. Being there, they obstruct the progress of Imperial and Colonial policy, and put in jeopardy the sovereign rights of the Crown over one-third (and as some think, even a larger portion) of the North American Continent. "What is it worth to have this obstruction *quietly* removed?" This is perhaps, the true question; but the answer, we submit, belongs rather to Her Majesty's Government—which has the power, in the event of resistance, to remove the evil by a summary process—than to those who are little more than spectators of the negotiation.

Earl Granville is aware that several attempts have been made since 1857 to arrive at a definite agreement on the subject of compensation. The suggestions and proposals on each side, together with the actual market value of the Company's stock at different periods, supply data which his Lordship may deem of importance; and we therefore respectfully submit our views as to the conclusions which may be deduced from them.

The first attempt of the Imperial Government to estimate, and express in pounds sterling, the compensation which it would be reasonable to offer to the Company, was made by the Duke of Newcastle in 1864. The greatest sum which, after "very grave consideration," his Grace felt himself able to propose for the surrender of the country west of Lake Winnipeg was £250,000. But the payment was subject to the following conditions:—

1. £150,000 was to be derived from the sale of lands by Government within the territory. The payment was to be made at the rate of 1s. per acre sold, but to be entirely dependent on the government receipts.

2. Payments were to cease whenever they reached £150,000; and absolutely, at the end of fifty years.

3. The Company was to be paid one-fourth of the sum received by Government for export duty on gold or for mining licenses or leases for gold-mining in the territory, for fifty years, or until the aggregate amounted to £100,000.

4. The payment of any part of the £250,000 was contingent on the ability of the Company to place Her Majesty's Government in possession of an "indisputable title" to the territory ceded by them as against the claims of Canada.

The last condition was objected to by the Company on the ground that they could only give such title as they had, which they contended "must be taken for better for worse." The Duke of Newcastle renewed his offer, modifying the last condition into a stipulation that, in case it should be found advisable, the territory eastward of a line passing through Lake Winnipeg and Lake of the Woods, might be ceded or annexed to Canada, in which case nothing would be payable to the Company in respect of *that* territory.

The present value in cash of such an offer, subject to the conditions and contingencies specified, would be very difficult to ascertain. The revenue from export duty on gold and for licenses would probably be *nil*. The revenue from land sales, if the cost of surveys, management, and necessary roads were deducted, would be *nil* also. It is very doubtful whether, if these deductions be made, the revenue from land sales in the provinces of Canada from the cession in 1763 to the present time, would show a surplus.

Sir Stafford Northcote quotes the price of land in Minnesota, and thence infers the value of lands in the Red River, and Saskatchewan districts, which lie from five to ten degrees further north and are still in the possession of the wild Indians of the plain. But we think it will be found that the lands in Minnesota, which sell for "one pound per acre," are either private lands in the neighbourhood of towns, or the property of railway companies, on or near which, millions of dollars have been expended to make them saleable. They are certainly not *public* lands unimproved by public expenditure. Sir Stafford ought to have mentioned at the same time, a fact, which we believe is known to every emigrant who leaves

the British Isles for America, that, in the Western States of the Union, and in the Provinces of Canada, wild lands are now given to settlers as "free grants," and we may add, this policy is more likely to be extended than reversed. To talk of the *value* of public lands as a source of revenue, distant from one to two thousand miles from available markets, and without roads or navigable waters by which to approach them, is to contradict all experience, or to assume that the cost of surveys and management, and of canals, roads, and other improvements for their development and settlement, will be supplied by those who do not own them, for the benefit of those who do.

But in order to arrive at some result that can be expressed in figures, we will assume that the sum ascertained by the Duke of Newcastle to be a sufficient "compensation" would under his proposition, have been paid within 50 years, and at an average rate per annum. We thus give the Company the benefit of all the doubts in the case, and reduce the question to a simple problem in arithmetic: What is the present value of an annuity of £5,000 per annum for fifty years?

That value, we submit, is the highest amount in cash which can be claimed as an equivalent for the offer made to the Company in 1864, by his Grace the Duke of Newcastle.

The next offer of the Imperial Government which mentions a specific sum, is that made by his Grace the Duke of Buckingham and Chandos, on the 1st December last. It differs from the previous offer in several important particulars.

1. It embraces the *whole* of the territory claimed by the Company.
2. It proposes to allow the Company to retain their "posts" and certain allotments of land in their vicinity, with a small reservation in each township as it is surveyed.
3. It proposes to allow the Company one quarter of the receipts from land (free grants being treated as sales at 1s. per acre) and one quarter of the sum received by Government as an export duty for gold and silver.
4. It limits the amount to be received under these heads conjointly, at £1,000,000, sterling.

The other stipulations are unimportant for the purpose of ascertaining the cash equivalent of the proposition.

It is evident that the "unknown quantities" in this equation are as difficult to find as in the first. We know the *total* sum to be paid, and the *proportion* of the receipts from lands and mines applicable for its payment; but we do not know the average annual sum likely to be realised from their sale. The minimum price is fixed at 1s. per acre, and it is doubtful if, under the proposed arrangement, the price would ever be found to exceed that sum. There is one term still to be ascertained—the average *number* of acres per annum, likely to be sold and granted. A crude guess is all that the case admits of. If we take Upper Canada, possessing many advantages for early and rapid settlement of which, unfortunately, the remote territories of the North West are deprived, we find that from its erection into a separate province, down to 1868, about 22 millions of acres had been disposed of by sale and grant, or an average of about 286,000 acres per annum.

Assuming that the same rate of sale, &c., is maintained in the North West Territories (which all the old Hudson Bay authorities who know the country, would pronounce a bold assumption) we have reduced the question to a simple reference to the annuity tables as before, viz., What is the present value of an annuity of £3,575 per annum for 280 years?

We have omitted from the last term the one-fourth of the Government receipts from gold and silver, for two reasons. 1st, It has not been shown that there are any gold or silver mines in the territory, that will pay for working. 2nd, all the attempts heretofore made to obtain a revenue from such sources, in Canada, have failed, and public opinion has forced the local governments to adopt the policy of what may be called "free mining," or cheap lands for the miners, and abolition of royalties and imposts, except to meet the cost of preserving the peace, and of surveys and necessary supervision.

There is another proposition on the Government side, which bears on the question of "compensation." It results from the agreement between the representatives of the Government of Canada, and Her Majesty's Government in 1865, and containing fewer elements of uncertainty, than propositions which involve questions of Government policy, emigration, land sales, &c., it can be reduced to a cash value with greater exactitude.

Mr. Cardwell describes the agreement, as follows:—"On the fourth point the subject of the North Western Territory, the Canadian ministers desired that that territory should

"be made over to Canada, and undertook to negotiate with the Hudson's Bay Company for the termination of their rights, on condition that the indemnity, if any, should be paid by a loan to be raised by Canada under the Imperial guarantee; with the sanction of the Cabinet, we assented to this proposal—undertaking, that if the negotiation should be successful, we on the part of the Crown, being satisfied that the amount of the indemnity was reasonable, and the security sufficient, would apply to the Imperial Parliament to sanction the agreement, and to guarantee the amount."

The Canadian delegates reported on the subject with a little more detail. "We accordingly proposed to the Imperial Ministers that the whole British territory east of the Rocky Mountains and north of the American or Canadian lines should be made over to Canada, subject to such rights as the Hudson's Bay Company might be able to establish, and that the compensation to that Company (if any, were found to be due) should be met by a loan guaranteed by Great Britain. The Imperial Government consented to this, and a careful investigation of the case satisfies us that the compensation to the Hudson's Bay Company cannot, under any circumstances, be onerous. It is but two years since the present Hudson's Bay Company purchased the entire property of the old Company; they paid £1,500,000 for the entire property and assets, in which were included a large sum of cash on hand, large landed properties in British Columbia and elsewhere, not included in our arrangement, a very large claim against the United States Government under the Oregon treaty; and ships, goods, pelts, and business premises in England and Canada, valued at £1,023,569. The value of the territorial rights of the Company, therefore, in the estimation of the Company itself, will be easily arrived at."

The principle which this agreement between the two Governments recognises as applicable to the case, appears to be,—compensation in money, for the ascertained rights of the Company, after deducting the value of the property retained by them. The words "if any," and "if any were found to be due" import that, in the opinion of both parties, it was possible if not probable, that after making the deductions, no compensation would be "due."

The basis of the calculation which seems to have been made, or agreed upon, is very simple. The old Hudson Bay Company had recently sold all the rights and property of the Company, of every description, for the sum of £1,500,000. An inventory, agreed to by both sellers and purchasers, set down the assets exclusive of "Territorial Rights," as follows:—

| | |
|--|------------|
| 1. "The assets (exclusive of Nos. 2 and 3) of the Hudson's Bay Company, recently, and specially valued by competent valuers, at... | £1,023,569 |
| 2. "The landed territory" (not valued) | |
| 3. "A cash balance of" | £370,000 |
| | <hr/> |
| | £1,393,569 |

On the face of their own statement, £1,500,000, less the above sum, or £106,431, was the amount which the new purchasers actually paid for the "Landed Territory." Under the agreement of 1865, this seems to be the highest sum which Mr. Cardwell and the representatives of the Canadian Government thought could in any event be demanded by the Company, as indemnity or compensation for the surrender of the rights they "would be able to establish."

We have thus attempted to convert into their equivalents in cash, the two offers made to the Company since 1857 by the Imperial Government, and to ascertain the amount of the indemnity contemplated by Mr. Caldwell, and the Canadian delegates in the arrangements of 1865. To arrive at any result, we have had to assume figures which, according to our experience, the facts of a new country will be more likely to reduce, than to increase. We have also omitted conditions either implied or expressed in the proposals of 1864 and 1868, which we believe would have imposed considerable expense upon the Company.

There is another mode of estimating the amount to be paid, on the principle of compensating for actual loss only, which remains to be considered.

The stock of the Company has for some time been quoted at an average of 13½. The capital is, nominally, £2,000,000, and the shares £20,—the value of the stock, therefore, in cash, assuming that the whole of it could be sold at the market rate, is £1,350,000, or £43,569 less than the value, according to their own estimate, in 1863, of the Company's assets, exclusive of the "landed territory." The money obtained from the public for shares,

beyond the £1,500,000 paid to the old shareholders, will no doubt be amply sufficient to make good any deficiency in the valuation of 1863.

From a consideration of these data we submit, that, if the validity, of the Charter is not now to be questioned; if the territorial extent of the country affected by it is not to be defined; if the claim of Canada to include, within her boundaries, a large portion, if not the whole, of the country occupied by the French at the time of the cession in 1763, is not to be investigated, and finally determined,—if the admitted incapacity and the notorious neglect of the Company to perform the duties of Government (which were part of the consideration for the *rights* conceded by the Charter), are not to be taken as sufficient on public grounds to justify cancellation, and re-entry by the Crown,—then the very highest indemnity which ought to be paid, in cash, for a surrender of the territorial claims of the Company, with the reservations and other privileges offered by His Grace the Duke of Buckingham and Chandos, is the sum indicated by the foregoing computations.

We must, in conclusion, express to Earl Granville, our strong conviction that no *money* offer, which either the Imperial or the Canadian Government would deem reasonable, will be accepted by the Company, and that, to delay the organization of constitutional Government in the North West Territory until the Hudson's Bay Company consent to reasonable terms of surrender, is to hinder the success of Confederation in British America, and to imperil the interests and authority of the British Crown in the territories now occupied by the Company.

We therefore respectfully submit for Earl Granville's consideration, whether it is not expedient that the Address of the Canadian Parliament be at once acted upon, under the authority of the Imperial Act of 1867.

But, if his Lordship should see any sufficient legal, or other objection, to that course, then we ask, on behalf of the Dominion Government, for the immediate transfer to that Government, of the "North West Territory," or all that part of British North America, from Canada on the East, to British Columbia, Alaska, and the Arctic Ocean, on the West and North, not heretofore validly granted to, and now held by "The Governor and Company of Adventurers of England trading into Hudson's Bay," by virtue of a Charter of King Charles the II., issued about the year 1670.

We have the honor to be,

Sir,

Your obedient Servants,

Sir Frederic Rogers, Bart.,
 &c., &c., &c.,
 Colonial Office,

(Signed)

GEO. ET. CARTIER.
 WM. MACDOUGALL.

Earl Granville to the Right Honorable Sir Stafford Northcote, M.P.

DOWNING STREET, 22nd February, 1869.

SIR,—I am directed by Earl Granville to enclose, for the information of the Directors of the Hudson's Bay Company, the copy of a letter which his Lordship has received from Sir G. Cartier and Mr. McDougall. As the greater part of that letter relates to matters on which the Company and the Colony cannot be expected to agree, and on which Her Majesty's Government has no authority to decide their differences, Lord Granville has felt some doubt whether the settlement of the question would be advanced by forwarding this letter. He considers it, however, necessary to do so; and in doing so, to explain clearly the position which he considers himself to occupy.

It appears that his Lordship's predecessor entertained the hope that he would be able to arrange the terms of a compromise, under which, with consent of both parties, the sovereignty of the Hudson's Bay Company's Territory would be transferred to the Dominion of Canada.

With this view his Grace made to the Company a proposal, respecting which Sir G. Cartier and Mr. McDougall write as follows:—

"The proposals submitted to the Company by the late Government in the letter of Mr. Adderley of the 1st December last, were not made at our suggestion, although we were disposed to think (and so informed his Grace) that if the Company accepted them the

" Canadian Parliament might be persuaded to undertake the duties of legislation and government in the territories on the conditions specified."

Your letter of the 13th inst. may be considered as a rejection of those proposals, and as thus terminating the negotiations instituted by the Duke of Buckingham and Chandos. But in your letter you propose that the matter should be settled by the immediate payment of a fixed sum of money, or by the delivery of Bonds, and you express yourself prepared to enter into further communication with Lord Granville on this subject.

It is of course obvious that this negotiation for the purchase of the Hudson's Bay Company's Territory is really between the seller and the buyer, the Company and the Colony, and Lord Granville is of opinion that if the negotiation is revived on this or any other basis, Her Majesty's Government can, at present, do no good by assuming to frame or suggest terms of accommodation; but can merely offer to act as a channel of communication between these two real parties to the transaction, using its best endeavours to remove any difficulties not inherent in the nature of the case.

Acting on this view, Lord Granville communicated to Sir G. Cartier and Mr. McDougall a copy of your letter of the 13th. The enclosure to this letter is the answer which he has received.

The material sentences, for the present purpose, are those with which the letter concludes.

You will observe that the Representatives of the Colony state the principles on which they consider the cost of the territory should be calculated, indicating the opinion that the sum of £106,431 is the highest which could on any hypothesis properly be demanded by the Company; and express their strong conviction that no money offer, which either the Imperial or Canadian Government would deem reasonable would be accepted by the Company. Assuming this to be the case, they ask on the part of the Dominion Government either the immediate transfer of the sovereignty of the whole Territory, subject to the rights of the Company, or a transfer of the sovereignty and property of all the territory not heretofore validly granted to, and now held by the Company under its Charter.

Under these circumstances, Earl Granville directs me to communicate to you the enclosed letter, which taken in connexion with previous correspondence, appears to him to leave little present hope of bringing matters to a settlement by way of compensation. If the Directors of the Company should still think any such arrangement possible, his Lordship will of course be prepared to transmit to the Canadian representatives any modified proposal on the part of the Company. Failing this, he thinks it proper to invite from the Directors, not any argument respecting the true nature and extent of the Company's claims from which, as not being before a court of law he could anticipate no result, but a statement of any objections they may have, whether of principle or detail to the two counter proposals now made by Sir G. Cartier and Mr. McDougall on behalf of the Canadian Dominion.

And it might not be immaterial to add what course the Company would propose to take, for securing that life and property are adequately protected, and international obligations duly performed in their Territory, so long as they remain responsible for its government.

I am, Sir, your most obedient Servant,

FREDERIC ROGERS.

The Right Honorable Sir Stafford Northcote, M.P.

Sir F. Rogers to Sir G. E. Cartier and Mr. MacDougall.

DOWNING STREET, 9th March, 1869.

GENTLEMEN,—Lord Granville transmitted to the Governor of the Hudson's Bay Company a copy of your letter of 8th February, and I enclose, by his Lordship's direction, a copy of the answer which he has received.

The conclusion to which he has been led, after a careful consideration both of the correspondence which has passed and of the various representations made orally to him by yourselves and by the Governor and Deputy-Governor of the Company, are embodied in the enclosed letter, which he has directed me to address to Sir S. Northcote, and which you will be good enough to consider as conveying to yourselves also the views of Her Majesty's Government. His Lordship is confident that you will give it your earliest attention.

His Lordship desires me to add that, in case the terms suggested in this letter should be accepted by the parties concerned, Her Majesty's Government would be prepared to fulfil the expectations held out in Mr. Cardwell's despatch of 17th June, 1865, and to propose to Parliament that the Imperial guarantee should be given to a loan of £300,000, the sum which is proposed to be paid over by Canada to the Company on the transfer of the Company's rights.

As this is a matter in which the Company has no interest, it is not adverted to in my letter to Sir Stafford Northcote.

I am, Gentlemen, your most obedient Servant,

(Signed) FREDERIC ROGERS.

Sir G. E. Cartier, Bart.,
W. MacDougall, Esq.

Sir Stafford H. Northcote to Sir Frederic Rogers, Bart.

HUDSON'S BAY HOUSE, LONDON, *February 26th, 1869.*

SIR,—I have the honor to acknowledge your letter of the 22nd inst., transmitting, by Earl Granville's direction, a copy of a letter addressed to His Lordship by Sir George Cartier and Mr. MacDougall, on the subject of my letter to yourself, dated the 13th ultimo.

The Committee of the Hudson's Bay Company understand from your letter, that it is not Earl Granville's wish that they should enter into a discussion of the communication from the Canadian Delegates, and they therefore refrain from making any comments upon its tone, or criticising and correcting its assertions. If there are any of those assertions to which Earl Granville himself attaches weight, the Committee will gladly, on their being pointed out to them, offer such observations upon them as may appear to be necessary.

As regards the manner in which the Canadian delegates treat the suggestions contained in my letter of the 13th ultimo,—that the Canadian Government should complete the purchase of the Company's territory at once, by the payment of a sum of money or by the delivery of bonds,—the Committee desire me to observe that they might have had some difficulty in gathering, from the terms in which the delegates express themselves, whether they were or were not prepared to entertain that suggestion, and to open a negotiation with this Company. But as Earl Granville, who has had personal communication with the delegates, is of opinion that their letter, taken in connection with previous correspondence, leaves little present hope of bringing matters to a settlement by way of compensation, the Committee are forced to adopt the conclusion that it is intended as a virtual refusal on the part of the delegates to entertain the question in a serious spirit.

Should Earl Granville at any time come to the conclusion that it is desirable that the Committee should renew the offer of fully communicating with him on the subject of a money sale which they made in my letter of January 13th, they will hold themselves prepared to do so. For the present, and in accordance with what they gather to be his Lordship's views, they consider this matter at an end.

It becomes my duty, then, to answer Earl Granville's questions, (1) Whether the Committee have any objections, either of principle or of detail, to make to the "counter-proposals" of Sir G. Cartier and Mr. MacDougall, and (2) What course the Company would propose to take for securing that life and property are adequately protected, and international obligations duly performed in their Territory, so long as they remain responsible for its Government.

With regard to the first of the two counter-proposals, viz., that the sovereignty of the whole of the Territory in question should be immediately transferred to the Dominion Government "subject to the rights of the Company, the Committee desire to ask whether it is intended that the rights of the Company should be ascertained and defined before the transfer takes place, or after it. If the former be Earl Granville's intention, the Committee have no kind of objection to offer to the proposal; but if it be meant that the transfer should take place first, and that the rights of the Company should then be made the subject of litigation in Canada, with a right of appeal to the Courts of this country, I must remark that such a course is likely to lead to much inconvenience, expense and annoyance to all parties concerned, as well as to prove detrimental to the interests of the Settlement itself by

the prolongation of an irritating and disturbing controversy. As regards the injustice to this Company involved in such a proposal, I beg leave to refer Earl Granville to Sir E. Head's letter of the 25th January, 1868, to the Duke of Buckingham and Chandos, in which a similar proposal is very ably discussed, and to which, and to the extracts from speeches delivered in the Canadian Parliament which it encloses, the Committee desire to invite Earl Granville's particular attention.

The second counter-proposal is, for a transfer to the Dominion Government of both the Sovereignty and the property of "all the Territory not heretofore validly granted to, and "now properly held by the Company under its Charter." Upon this proposal also the Committee desire respectfully to ask whether the limits of the Territory so to be transferred are to be distinctly set out in the instrument of transfer, so that there may be no room for disputes as to the limits of the respective jurisdictions. Even with the utmost care in this respect, the Committee cannot but feel apprehensive that difficulties will arise in dealings with the Indians and with the various classes of hunters and traders frequenting those distant regions, if two different systems of administration are introduced into those portions of the extreme North-Western Territory which would be affected by the proposed transfer; especially as the great distance of that Territory from Canada, and the difficulty of the communications, will render its administration by the Dominion Government very troublesome. Should, however, Her Majesty's Government decide on this measure, the Committee will do all in their power to arrive at a good understanding with the Dominion Government as to the details of the arrangements which should be made in the two portions of the now united territory, and to facilitate the establishment of a strong administrative system in both.

As regards any transfer of the Sovereignty without a distinct definition of the limits to be assigned to it, and by virtue merely of vague general words, the Committee feel that they need not point to Earl Granville that such a step would not only be open to the objections which I have already mentioned in the case of the former counter-proposal, but to the further, and very serious one, that it must lead to constant conflicts of authority and to frequent political embarrassments. The Company can hardly be expected to provide for the security of life and property, and the due performance of international obligations if their boundary is left unsettled, and their title to important parts of their Territory unrecognised. It is probably unnecessary for me to pursue this argument at any length.

I have now to advert to the last question put by Earl Granville,—that relating to the course which the Company would propose to take for the government of their Territory, so long as they remain responsible for it.

The Committee desire me, in the first place, to remind his Lordship that they have no authority to give a pledge on the part of the Shareholders of the Company, and that they can only undertake to submit certain proposals to them, and to use their own influence to secure their adoption. Subject to this reservation, the Committee are prepared to enter at once into communication with Earl Granville, as to the measures which should be adopted for the purpose to which he adverts. As his Lordship is aware, a resolution was agreed to by this Committee, as long ago as in August, 1863, to the effect that in the opinion of the Directors it was expedient that the authority, executive and judicial, over the Red River Settlement and the south-western portion of Rupert's Land, should be vested in officers deriving such authority directly from the Crown, and exercising it in the name of Her Majesty. In adopting this resolution, the Committee intended to indicate their desire for the establishment of a Crown Colony in this portion of their Territory. They still believe that this would be the most satisfactory plan that could be pursued, and they are prepared to discuss it with Her Majesty's Government, if they are encouraged to do so.

I am to state that the Committee would be willing either to advise the surrender of such proportion of the Company's proprietary rights as might be found to be a fair equivalent for the charge which the establishment of a Crown Colony would throw upon the Imperial Exchequer, or to recommend the Company, retaining its proprietary rights, to take upon itself the whole of the pecuniary burden. The Committee are satisfied that a Territory, which in the present undeveloped state of its communications supports a trade of the annual value of more than £400,000, and which possesses a large amount of highly fertile soil requiring no great expenditure for its clearance and cultivation, is perfectly capable of supporting the expense of any government that it may be required to maintain; and they have little doubt that if the state of the case were fairly laid before the Shareholders, and if the moral support of the

Imperial Government were distinctly assured to them, the necessary funds would readily be forthcoming.

Of course, if Her Majesty's Government should be of opinion that the great objects in view could be equally well attained by the exercise of the powers actually possessed by, or which might be granted to, the Company, and should consider that it would be preferable to adopt this method of government rather than to erect the Territory into a Crown Colony, the Committee would at once fall in with such a suggestion, and would request Earl Granville to state to them what establishment would, in the opinion of Her Majesty's Government, be sufficient to meet the necessities of the case.

It can hardly be necessary for me to add that, in the event of such an arrangement being made, the Company would rely upon the cordial co-operation of the Government in submitting any needful measure to Parliament, and in protecting the Settlement from any trespass or interference on the part of Canada.

In conclusion, I am to observe that it is on many accounts important that the Directors of this Company should soon communicate to the Shareholders the progress of this negotiation, and should lay the correspondence before them. They trust that Earl Granville will have no objection to their doing so.

I have, &c.,

STAFFORD H. NORTHCOTE,
Governor.

Sir Frederic Rogers, Bart., Colonial Office.

Earl Granville to Sir Stafford Northcote, Bart., &c.

DOWNING STREET, 9th March, 1869.

SIR,—Earl Granville has had under review the correspondence which has passed respecting the proposed transfer to Canada of the jurisdiction and territorial rights of the Hudson's Bay Company in North America.

It is, in Lord Granville's opinion, of very great importance that this question should be settled on a permanent footing, and with little delay. He does not disguise the interest which Her Majesty's Government have in this settlement. It is not creditable to this country that any inhabited part of Her Majesty's dominions should be without a recognized Government capable of enforcing the law, and responsible to neighbouring countries for the performance of international obligations. The toleration of such a state of things in parts of Hudson's Bay Territory is unjust to the inhabitants of that territory, and is not without danger to the peaceful relations between this country and the United States; and this danger and injustice are likely to increase in proportion as the mining and agricultural capabilities of what is called the "Fertile Belt" begin to attract settlers from the east and south.

To Canada the settlement of the question is not less important, as removing a cause of irritation between it and its neighbours, and even with the mother country itself, as destroying an obstacle to that which has been looked upon as the natural growth of the Dominion, as likely to open an indefinite prospect of employment to Canadian labour and enterprise; and lastly, as enlarging the inducements which Canada is able to offer to the British immigrant. It is no small matter that it would enable Her Majesty's Government at once to annex to the Dominion the whole of British North America proper, except the colony of British Columbia.

To the Hudson's Bay Company it may almost be said to be necessary.

At present the very foundations of the company's title are not undisputed. The boundaries to its territory are open to questions of which it is impossible to ignore the importance. Its legal rights, whatever these may be, are liable to be invaded without law by a mass of Canadian and American settlers, whose occupation of the country on any terms they will be little able to resist; while it can hardly be alleged that either the terms of the charter, or their internal constitution, are such as to qualify them under all these disadvantages for maintaining order and performing the internal and external duties of government.

The prejudicial effect that all those uncertainties must have on the value of the Company's property is but too evident.

The interests of all parties thus evidently pointing towards an immediate and definite adjustment, Lord Granville has been most unwilling to abandon the hope of bringing it about

by way of amicable compromise. He is fully alive to the difficulties of such a compromise. He does not conceal from himself that the estimate which the Company form of the nature and value of their rights is widely different from that which is formed by the gentlemen who represent Canada; nor can he undertake to express any opinion whatever as to the relative correctness of those estimates. Indeed, it would be impossible to do so without knowing to what extent the claims of the Company would be supported by the judgment of a court of law.

But after repeated communications with both parties, his Lordship is convinced that he will be serving the interests of the Dominion, of the Company, and of this country, by laying before the Canadian representatives and the directors of the Company a distinct proposal, which, as it appears to be, it is for the interest of both parties to accept, and in support of which her Majesty's government would be prepared to use all the influence which they could legitimately exercise.

If the proposal is really an impartial one, Lord Granville cannot expect that it will be otherwise than unacceptable to both of the parties concerned. But he is not without hope that both may find, on consideration, that if it does not give them all that they conceive to be their due, it secures to them what is politically or commercially necessary, and places them at once in a position of greater advantage with reference to their peculiar objects than that which they at present occupy.

The terms which his Lordship now proposes are as follows:—

1. The Hudson Bay Company to surrender to Her Majesty all the rights of Government property, &c., in Rupert's Land, which are specified in the 31 and 32 Vic., c. 105, sec. 4; and also all similar rights in any other part of British North America, not comprised in Rupert's Land, Canada or British Columbia.

2. Canada is to pay to the Company £300,000 when Rupert's Land is transferred to the Dominion of Canada.

3. The Company may, within twelve months of the surrender, select a block of land adjoining each of its stations, within the limits specified in Article 1.

4. The size of the blocks is not to exceed—acres in the Red River Territory, nor 3,000 acres beyond that territory, and the aggregate extent of the blocks is not to exceed 50,000 acres.

5. So far as the configuration of the country admits, the blocks are to be in the shape of parallelograms, of which the length is not more than double the breadth.

6. The Hudson's Bay Company may, for fifty years after the surrender, claim in any township or district within the Fertile Belt, in which land is set out for settlement, grants of land not exceeding one-twentieth part of the land so set out. The blocks so granted to be determined by lot, and the Hudson's Bay Company to pay a rateable share of the survey expenses, not exceeding—an acre.

7. For the purpose of the present agreement, the Fertile Belt is to be bounded as follows: On the south by the United States boundary; on the west by the Rocky Mountains; on the north by the northern branch of the Saskatchewan; on the east by Lake Winnipeg, the Lake of the Woods, and the waters connecting them.

8. All titles to land up to the 8th of March, 1869, conferred by the Company, are to be confirmed.

9. The Company is to be at liberty to carry on its trade without hindrance, in its corporate capacity, and no exceptional tax is to be placed on the Company's land, trade, or servants, nor any import duty on goods introduced by them previous to the surrender.

10. Canada is to take over the materials of the Electric Telegraph at cost price, such price including transport, but not including interest for money, and subject to a deduction for ascertained deteriorations.

11. The Company's claim to land under agreement of Messrs. Vankoughnet and Hopkins to be withdrawn.

12. The details of this arrangement, including the filling up the blanks in articles 4 and 6, to be settled at once by mutual agreement.

It is due, both to the representatives of Canada and to the Company, to add—that these terms are not intended by Lord Granville as the basis of further negotiation; but a final effort to effect that amicable accommodation of which he has almost despaired, but which he believes will be for the ultimate interest of all parties.

If this be rejected either on behalf of the Dominion or the Company, his Lordship considers that his next step must be to procure an authoritative decision as to the rights of the Crown and the Company, and with this object, he will recommend Her Majesty to refer their rights for examination to the Judicial Committee of the Privy Council, whose decision will form a basis for any future legislation or executive action which Her Majesty's Government may find necessary.

Whatever may be the result of this proposal, his Lordship desires to express his sense of the openness and courtesy which he has experienced throughout these negotiations, both from the representatives of Canada and from the Governor and Deputy Governor of the Company, and the patience with which they have entertained proposals which, from their point of view, must no doubt have appeared inadequate.

Lord Granville is aware that a proposal of this kind will require consideration; but he hopes that you will lose no time beyond what is necessary in acquainting him with your decision.

I am, sir,

Your most obedient servant,

FREDERIC ROGERS.

Sir Stafford Northcote, Bart., &c.

Copy of Resolutions by the Governor and Committee of the Hudson's Bay Company, passed March 12th, 1869, transmitted to Delegates.

Resolved, that the Committee will recommend the shareholders to accept the proposal of Lord Granville, if the Canadian Ministers will agree to the following modifications:—

1. That Canada will lay no export duty on furs.
2. That the 6th Article be modified so as to allow the Company to defer exercising their right of claiming their proportion of each township for not more than ten years after it is set out.
3. That no charges be made upon the Company for the expenses of survey.
4. That the proportion of land which they are to be allowed to claim be increased from one-twentieth to one-tenth.
5. That York and Moose Factories be retained as ports of entry.
6. That Canada undertakes to pay the £300 a year now paid to the Bishop of Rupert's Land, and other charges of a public character now borne by the Company.
7. That some provision be made for referring to arbitration any question which may arise out of the agreement.

Sir G. E. Cartier and Mr. MacDougall to Sir Stafford Northcote.

WESTMINSTER PALACE HOTEL, LONDON, *March 13th, 1869.*

SIR,—We have the honor to acknowledge the receipt of a copy of certain resolutions adopted by the Governor and Committee of the Hudson's Bay Company, on the 12th inst., suggesting important modifications of the proposal of Lord Granville, for the transfer of Rupert's Land to Canada.

We beg you will inform the Committee that, in our opinion, the proposal of Lord Granville is much more favorable to the Hudson's Bay Company than any previous proposal of the Imperial Government, and much more onerous to Canada than its Government and people have been led to expect. With great reluctance we have consented to recommend Lord Granville's proposal, if accepted by the Company *pure et simple*, but not otherwise, to the favorable consideration of the Canadian Government. The modifications and additions proposed by the Committee are not, in our judgment, "details" within the purview of the 12th article of Lord Granville's proposal, but substantive and material changes affecting the very basis of the arrangement. We cannot, therefore, assent to them, or undertake to recommend their acceptance by the Canadian Government.

We have further to observe that, in making these demands upon us, the Committee assume that the changes they propose will be accepted, or approved by the Imperial Govern-

ment. If we are correctly advised, the Committee are not warranted to make that assumption. In the letter of Sir Frederic Rogers communicating to us a copy of Lord Granville's proposal, we are assured that it conveys "the views of Her Majesty's Government;" and in the letter conveying these views to the Company it is stated that "these terms are not intended by Lord Granville as the basis of further negotiations." It follows, we think, that Lord Granville's proposal is to be regarded as the *ultimatum* of the Imperial Government, and must be accepted or rejected in its entirety. The Act 31 and 32 Victoria, Chapter 105 (which was not introduced at the instance, or passed in the interest of the Canadian Government), placed the negotiation of the terms of surrender by the Company to the Crown in the hands of Her Majesty's Imperial Government, where, until the Act is repealed, or the negotiation fails, we are of opinion it must remain.

We shall be glad to confer with you upon all questions of "detail," which by the terms of Lord Granville's proposal are left to be adjusted between the Canadian Government and the Hudson's Bay Company.

We have the honor to be, Sir, your very obedient Servants,

(Signed) GEO. ET. CARTIER.
WM. MACDOUGALL.

Sir Stafford Northcote, M.P.,
&c., &c., &c.

Sir Stafford Northcote to Sir G. E. Cartier and Mr. MacDougall.

HUDSON'S BAY HOUSE, LONDON, *March 16th*, 1869.

GENTLEMEN.—I have the honor to acknowledge the receipt of your letter of yesterday's date, in reply to my letter to Sir George Cartier, in which I enclosed to you a copy of the resolutions adopted at the meeting of the Committee of the Hudson's Bay Company on the 12th instant.

It is unnecessary for me to enter into the question you raise, as to whether Earl Granville would or would not accept any modifications of the terms set forth in his Lordship's recent communication to this Committee, if they should be agreed to by this Committee on the one hand, and by yourselves on the other. While stating that he regarded these terms as not being intended as the basis of further negotiations, Lord Granville added that he left the details of the arrangement to be settled by mutual consent. The greater part of the resolutions transmitted to you in my letter of the 12th were resolutions intended to lead to a settlement of certain details, in which it will be necessary for the Committee to offer full explanation to the shareholders of the Company, if they decide on submitting Earl Granville's proposals to a general meeting.

If in your opinion any of them go further than this, the Committee will be ready to reconsider them, and to confer with you upon them.

As regards the resolution, by which the Committee proposed that the amount of land to be left to the Company should be one-tenth, instead of one-twentieth, I am to state that the Committee have rescinded that resolution.

They will await a communication from you with regard to the other resolutions before coming to a conclusion as to the course they should adopt.

I am, Gentlemen, your obedient Servant,

(Signed) STAFFORD H. NORTHCOTE.

Sir Geo. E. Cartier, Bart., and
The Hon. Wm. MacDougall, C.B.

Sir G. E. Cartier and Mr. MacDougall to Sir Stafford Northcote.

WESTMINSTER PALACE HOTEL, *March 18th*, 1869.

SIR,—We have the honor to acknowledge your letter of the 16th inst., in which you inform us that the Committee of the Hudson's Bay Company has rescinded the Resolution adopted on the 12th inst. asking for *one-tenth* instead of *one-twentieth*, as proposed by Lord

Granville, of the land which may be surveyed for settlement in the North-Western Territory. You further state that if the other resolutions transmitted to us go further than the 'details of the arrangement,' left by Lord Granville to be "settled by mutual consent," the Committee are ready to reconsider them.

1. With reference to the first resolution, "That Canada will lay no export duty on Furs," we beg you will inform the Committee that it is not the policy or practice of the Canadian Government to resort to "export duties" as a source of revenue. We feel no hesitation in stating our belief that no such duties as the Committee wish to prohibit, will be levied, but it would obviously be improper for us to consent to any arrangement which would fetter the free action of the Canadian Parliament in respect to modifications of the tariff which the future exigencies of the country may render necessary.

2. The proposal to modify the 6th article so as to permit the Company to defer the exercise of the right of claiming their proportion of lands in any township for a period of ten years after survey, might, we think, be agreed to, on condition that they limit their claim to allotment from the lands which may be unsold, at the time they declare their intention to take their proportion in that township.

3. The demand to be relieved from the expenses of survey, which Lord Granville proposed the Company should bear, is not, we think, a "detail" within the meaning of the 12th article. But if it will remove the apprehension that charges under this stipulation may become excessive, we see no objection to a proviso, that the expense to the Company for the survey of the lands allotted to them shall in no case exceed eight cents per acre.

4. We have no doubt that York and Moose Factories will be retained as ports of entry if goods continue to be imported there. But if by the opening of interior communications trade should be diverted to other ports, it would not seem reasonable that the Government should be bound to maintain customs establishments at Hudson's Bay. The practice of the Canadian Government is to establish ports of entry wherever the interests of trade and commerce require them, and we do not, therefore, see that it is necessary or expedient to make any stipulation on the subject.

5. The demand that the salary of the Anglican Bishop of Rupert's Land should hereafter be charged upon the Canadian Treasury, cannot, we think, be regarded as a "detail" within the 12th article of Lord Granville's proposal. The surrender of the rights and powers of government by the Company will necessarily involve the assumption of "all charges of a public character" by the new Government. But an agreement to continue the charges now borne by the Company, *eo nomine*, would so far perpetuate a system, which the transfer of the territory to Canada is intended to supersede.

6. The last proposal of the Committee is open to very serious objection. The surrender of the powers of government, and of territorial jurisdiction by the Company to the Crown, and the transfer of these powers to the Canadian Government, are acts of State, authorized by Imperial Statute, and will have all the force and permanence of fundamental law. The proposal to refer all questions which may arise under this law to some extra-constitutional tribunal is not warranted by the British North America Act, and would, we fear, if adopted, create confusion and embarrassment, and postpone indefinitely the establishment of a satisfactory government in Rupert's Land.

We must decline to admit, even by implication, that the judicial tribunals, and the general and local authorities of the Dominion, will fail to understand, or hesitate to respect and carry out, in good faith, all the terms and conditions of the proposed arrangement.

We have the honor to be, Sir, your obedient Servants,

GEO. ET. CARTIER.
W. MACDOUGALL.

Sir Stafford Northcote, M.P.,
&c., &c., &c.

Sir F. Rogers to Sir G. Cartier and Mr. MacDougall.

"DOWNING-STREET, March 9th, 1869

"GENTLEMEN,—Lord Granville transmitted to the Governor of the Hudson's Bay Company a copy of your letter of 8th February and I enclose by his Lordship's direction, a copy

of the answer which he has received. The conclusion to which has been led, after a careful consideration both of the correspondence which has passed and of the various representations made orally to him by yourselves and by the Governor or Deputy Governor of the Company, are embodied in the enclosed letter, which he has addressed to Sir S. Northcote, and which you will be good enough to consider as conveying to yourselves also the views of Her Majesty's Government. His Lordship is confident that you will give it your earnest attention. His Lordship desires me to add that in case the terms suggested in his letter should be accepted by the parties concerned, Her Majesty's Government would be prepared to fulfill the expectation held out in Mr. Cardwell's despatch of the 17th June, 1865, and to propose to Parliament that the Imperial guarantee should be given to a loan of £300,000, the sum which is proposed to be paid over by Canada to the Company on the transfer of the Company's rights. As this is a matter in which the Company has no interest, it is not adverted to in my letter to Sir Stafford Northcote.

(Signed)

"F. ROGERS."

Sir. G. Cartier and Mr. MacDougall to Sir F. Rogers.

"WESTMINSTER PALACE HOTEL, LONDON, 27th March, 1869.

"SIR,—Your letter of the 9th inst., enclosing a copy of proposals made by Lord Granville to the Hudson's Bay Company in your letter to Sir Stafford Northcote of the same date, has not been formally acknowledged by us, in consequence of a doubt not yet removed as to the acceptance of these proposals by the Company. We stated verbally to Lord Granville our objections to his proposals, but finally consented to recommend them to the Canadian Government, on condition that the Company first signified their acceptance of them. Sir Stafford Northcote has since opened communication with us directly, and proposed important modifications of Lord Granville's terms, to which we could not assent. In some points of detail, we agreed that the terms might be varied or qualified, if such variation or qualification would be likely to make the arrangements, as a whole, more acceptable to the shareholders of the Company. We understand Sir Stafford Northcote has acquainted Lord Granville with the correspondence which has passed between us on the subject. The Company having, at the meeting of the 24th inst., postponed for a fortnight the question of accepting Lord Granville's proposals, we regret that we are unable to await their decision. Our public duties require that we should immediately return to Canada. We have now the honor to repeat the request contained in our letter of the 8th February—viz., that immediate action may be taken by the Imperial Government upon the address of the Canadian Parliament of December, 1867, or that pending the negotiations for the transfer of Rupert's Land, the North Western Territory, or all that part of British North America, from Canada on the east, to British Columbia, Alaska and the Arctic Ocean on the west and north, not heretofore validly granted to, and now held by the Governor and Company of Adventurers of England trading into Hudson's Bay, may be immediately transferred to the Dominion of Canada, under the authority of the British North America Act, 1867.

(Signed)

"G. E. CARTIER.

"W. MACDOUGALL."

Sir F. Rogers to the Right Hon. Sir. S. H. Northcote, Bart.

"DOWNING-STREET, April 3rd, 1869.

"I am directed by Earl Granville to enclose for your information a copy of a letter addressed by him to Sir. G. Cartier and Mr. MacDougall, and a letter which he has received from them in reply, in which they intimate their acceptance of the terms proposed to you and them for the surrender of the territorial and other rights of the Hudson's Bay Company in Rupert's Land. I am to add that his Lordship has been informed in conversation by the above gentlemen that they believe the Canadian Government will agree to those terms, and have a confident hope that their Parliament will not reject them, and they added that in

the event of the transfer taking place, the Hudson's Bay Company might rely upon the justice and good will of the Government and the Parliament of Canada.

(Signed)

"F. ROGERS."

MEMORANDUM.

Details of Agreement between the Delegates of the Government of the Dominion, and the Directors of the Hudson's Bay Company.

1. It is understood that in surrendering to Her Majesty all the rights &c., of the Company in any part of British North America not comprised in Rupert's Land, Canada, or British Columbia, the Company are to retain the posts they actually occupy in the North West Territory.

2. It is understood that it will be a sufficient act of Selection under Article III that the Company should, within twelve months, name the number of acres which they will require adjoining each post. The actual survey to be proceeded with, with all convenient speed.

3. It is understood that, in the Red River Settlement, the size of the blocks to be retained round Upper Fort Garry shall not exceed (ten) acres; and that round Lower Fort Garry shall not exceed (three hundred) acres.

4. It is understood that a list of the Stations round which the Company will require blocks of land, with the size of the blocks they will require, shall be made out forthwith, and communicated to the Canadian Ministers.

5. It is understood that Article V. shall be construed to mean that the blocks shall front the river or road by which means of access are provided, and shall be approximately in the form of parallelograms, of which the frontage shall not be more than half the depth.

6. It is understood that the Company may defer the exercise of their right of claiming their proportion of each Township for not more than ten years after it is set out; but their claim must be limited to an allotment from the lands remaining unsold at the time they declare their intention to make it.

7. It is understood that the blank in Article VI shall be filled up with eight cents (Canadian.)

8. It is understood that any claims of Indians to compensation for lands required for purposes of settlement, shall be disposed of by the Canadian Government in communication with the Imperial Government, and that the Company shall be relieved of all responsibility in respect of them.

STAFFORD H. NORTHCOTE,
G. E. CARTIER,
W. McDUGALL.

March 22, 1869.

The Secretary of State for the Colonies to the Governor General.

Copy, Canada, No. 64.

DOWNING STREET, 10th April, 1869.

SIR,—The Proprietors of the Hudson's Bay Company have considered at a special meeting, the terms on which they have been invited to transfer their territorial rights to the 10th April, 1869. Dominion of Canada, and I enclose the Copy of a letter addressed to me, by Sir Stafford Northcote, from which you will perceive that those terms have been acceded to.

You will observe that the Governor and Committee of the Company are authorized to concur in all such measures as may be found necessary for effecting this transfer, and for securing to the Company all the rights and reservations to which they will be entitled, provided that the acceptance of the terms by the Government and Parliament of Canada is duly signified to them within six months.

I trust that this acceptance may be confidently anticipated, and that by it, an opening will be made for extending the benefits of a regular Government to those British subjects who at present occupy the Company's territory, for settling the tracts of fertile land which

lie in the centre of the continent, and for the consolidation of British North America, under one Central Government.

On one point which has not been hitherto touched upon, I am anxious to express to you the expectations of Her Majesty's Government—They believe that whatever may have been the policy of the Company, and the effect of their Chartered rights upon the progress of settlement, the Indian Tribes who form the existing population of this part of America have profited by the Company's rule.

They have been protected from some of the vices of civilization, they have been taught to some appreciable extent, to respect the laws and rely on the justice of the white man, and they do not appear to have suffered from any causes of extinction beyond those which are inseparable from their habits and their climate. I am sure that your Government will not forget the care which is due to those who must soon be exposed to new dangers, and in the course of settlement be dispossessed of the lands which they are used to enjoy as their own, or be confined within unwontedly narrow limits.

This question had not escaped my notice while framing the proposals which I laid before the Canadian Delegates and the Governor of the Hudson's Bay Company. I did not however then allude to it because I felt the difficulty of insisting on any definite conditions without the possibility of foreseeing the circumstances under which those conditions would be applied, and because it appeared to me wiser and more expedient to rely on the sense of duty and responsibility belonging to the Government and people of such a Country as Canada.

That Government I believe has never sought to evade its obligations to those whose uncertain rights and rude means of living are contracted by the advance of civilized men. I am sure that they will not do so in the present case, but that the old inhabitants of the Country will be treated with such forethought and consideration as may preserve them from the dangers of the approaching change, and satisfy them of the friendly interest which their new Governors feel in their welfare.

With the expression of this hope, I will close my despatch merely repeating my sincere desire that the annexation of the great territory may be speedily accomplished, and may bring to the Dominion all the advantages which the Statesmen of Canada not unreasonably anticipate.

I have, &c.,
(Signed) GRANVILLE.
Sir John Young, Baronet,
G. C. B., &c., &c., &c.

—
Sir S. Northcote to Sir F. Rogers.

(Copy.)

HUDSON'S BAY HOUSE, LONDON, 10th April, 1869.

SIR,—I have the honor to acquaint you for the information of Earl Granville, that at a meeting of the Hudson's Bay Company held on the 9th inst., the following resolution was adopted by a large majority of the proprietors specially summoned to consider the proposal contained in your letter of the 9th ulto., for the surrender of the Company's territory, &c., to Her Majesty;—

That it is expedient to accede to the terms proposed in the communication above referred to, and to surrender to Her Majesty all this Company's territorial rights in Rupert's Land, and in any other part of British North America not comprised in Rupert's Land, Canada or British Columbia, and that the Governor and Committee be and they are hereby authorized to make such surrender on being assured that the terms have been agreed to by the Government and Parliament of Canada, provided that the acceptance of the terms by the Government and Parliament of Canada, shall have been signified to them by Her Majesty's Secretary of State for the Colonies, within six months after the passing of this resolution, and that for that purpose the Governor and Committee concur in all such measures as may be found necessary for effecting such surrender, and for securing to the Company the rights and reservations to which, by the terms of the letter from Sir Frederic Rogers, the Company will be entitled.

I have, &c.,
(Signed) STAFFORD H. NORTHCOTE, Governor.
Sir F. Rogers, Baronet.

(Copy.)

MEMORANDUM OF A FURTHER AGREEMENT BETWEEN SIR GEO. ET. CARTIER AND SIR
STAFFORD NORTHCOTE

Inasmuch as the Northern branch of the Saskatchewan River is the Northern boundary of the fertile belt, and therefore any land on the Northern bank is not within the Territory of which the Company are to have one twentieth part, it is understood that in forming the Townships abutting on the Northern bank, the Company shall be at liberty to take their one twentieth of any such Townships, giving up to the Canadian Dominion an equal quantity of the portion of lands coming to them of Townships established on the Southern bank.

It is understood that the Townships on the Northern bank shall not for the above purpose extend more than five miles inland from the river.

It is understood that in laying out any public roads, canals, &c., through any block of land reserved to the Company, the Canadian Government may take without compensation such land as is necessary for the purpose, not exceeding one twenty-fifth of the total acreage of the block, but if the Canadian Government require any land which is actually under cultivation, or which has been built upon, or which is necessary for giving the Company's servants access to any river or lake, or has a frontage to any river or lake, they shall pay the Company the fair value of the same, and shall make compensation for any injury done to the Company or their servants.

It is understood that the whole of the land to be appropriated within the meaning of the last preceding clause, shall be appropriated for public purposes.

GEO. ET. CARTIER,
STAFFORD H. NORTHCOTE.

LONDON, 29th March, 1869.





